

6/27/77 [2]

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PRESIDENT'S
REORGANIZATION
PROJECT

11:30 AM

WASHINGTON, D.C. 20503

THE PRESIDENT HAS SEEN.

MEETING WITH REORGANIZATION PROJECT STAFF

Monday, June 27, 1977
11:30 a.m. (15 minutes)
EOB-Room 450

From: Bert Lance
Jim McIntyre *Jim McIntyre*
Harrison Wellford

I. PURPOSE

To meet briefly with the staff of the President's Reorganization Project and state your expectations regarding Reorganization.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: Members of the Reorganization Project staff believe that they would have a much more real sense of your commitment to and priorities for Reorganization if they could hear your ideas directly. Since most of the study team members are now on board, it is appropriate to make the staff aware of your expectations of them, before most of the major detailed studies are begun.

B. Participants: Bert Lance
Jim McIntyre
Harrison Wellford
Reorganization Project Staff

C. Press Plan: White House photographer.

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III. TALKING POINTS

Consider making any or all of the following points concerning your expectations of the Reorganization Project:

- A. President is personally committed to reorganization as a major way to make the Federal government more understandable and, therefore, more manageable.
- B. The Reorganization effort is not limited to structural change, but also includes improvements to the management and personnel systems of the Federal government, as well. Civil Service Reform is a good example of a major management improvement effort.
- C. President has the highest expectation of the staff in conducting this effort in a thorough and professional manner.
- D. The Reorganization Project should proceed in the following way:
 - 1. Comprehensive and thorough examination of the entire Federal government.
 - 2. Identification of the most significant problems in the organization and management of the Federal government. Obtain facts and examples illustrating those problems in clear, understandable terms.
 - 3. Careful analysis of each problem and alternative solutions.
 - a. Talk to citizens and agency staff affected by the problem.
 - b. Work in an open, honest fashion.
 - c. Develop and analyze all reasonable alternatives, including alternatives which you may not favor but which are favored by affected groups or agencies.
 - d. Involve Congress and the career staff in the development and analysis of alternatives.

4. Development of bold and comprehensive recommendations based on best professional judgement. Do not base staff recommendations on political consequences but let the President handle the politics of finalizing and selling recommendations.
- E. President will assure, through OMB, that the Reorganization recommendations made by the project staff will be followed through to implementation.



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THE WHITE HOUSE
WASHINGTON

June 27, 1977

Stu Eizenstat -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Cost of CSC vs. Nix "Saved"
Grade and Pay Proposal

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

June 24, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
STEVE SIMMONS *JS*
SUBJECT: Cost of CSC vs. Nix "Saved" Grade
and Pay Proposal

Per your request this morning, we asked the Civil Service Commission to calculate the cost of their "saved" grade and pay proposal for federal employees who are downgraded, versus Rep. Nix' proposal. The CSC figures were confirmed by DOD, the largest agency employer.

-- Present salary protection law: It costs the government \$6 million annually per 5,000 employees whose positions are downgraded. GS-level is immediately lowered, salary is "saved" for 2 years only.

-- CSC Proposal: It would cost the government \$7 million annually per 5,000 employees whose positions are downgraded. GS-level would be "saved" for 2 years then lowered. Salary would not be lowered at all, but would rise at lowered rate until appropriate lower GS-level salary was reached.

-- Nix Proposal: It would cost the government \$10 million annually per 5,000 employees whose positions are downgraded. GS-level and salary would be indefinitely "saved" as long as employee remained in position. GS-level and salary would be lowered only when new employee occupied slot. Employees downgraded because of reorganization would not be covered (they would be in CSC proposal).

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THE WHITE HOUSE
WASHINGTON

June 23, 1977

Stu Eizenstat
Bert Lance

The attached was returned in the President's outbox and is forwarded to you for your information and appropriate action.

Rick Hutcheson

Re: "Saved" grade and pay for
Federal Employees
downgraded

graded without personal fault, in job reclassification actions but not in other circumstances such as reorganization, reduction in force, etc. Existing law does not allow saved grade at all, and generally permits saved pay for only two years. At the end of that period, pay is actually cut. Under current law, too, saved pay is allowed in all situations that result in downgrading, not merely job reclassification.

Chairman Campbell's memorandum suggested that it may be questionable whether the public would support the special protection permanent grade retention would afford Federal employees, and that the Administration's position may receive a good deal of public notice. Accordingly, the Chairman recommends that the Administration submit a counter-proposal to the Nix bill. He proposes a bill that would provide uniform treatment in all downgradings whatever the cause. We think it is a reasonable compromise between the restrictions of present law and the Nix bill.

Major provisions of proposed Administration bill

The Civil Service Commission proposal would --

- allow downgraded employees to retain their higher grade and pay, as a "personal grade" ("saved grade") for two years, where downgrading is required as a result of a variety of circumstances beyond the

OF THE PRESIDENT
AGEMENT AND BUDGET
ON, D.C. 20503

HAS BEEN.

JUN 22 1977

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Administration's position on this
cheduled June 27 at which Chairman
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OFFICE OF THE PRESIDENT
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WASHINGTON, D.C. 20503

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Talking Points on Reorganization
for Cabinet Meeting
Monday, June 27, 1977

Have directed Reorganization Project to initiate comprehensive reviews of federal organization in five areas:

1. Federal Law Enforcement. At least 75 federal agencies engaged in law enforcement. Results:

- . Jurisdictional boundaries between them arbitrary and unclear.
- . Much effort given low-priority tasks.
- . No consistent division of responsibility between Federal, state and local law enforcement.

Study will propose means to rationalize federal law enforcement, distinguish federal from local responsibilities, better protect individual rights, better serve current priorities.

2. Human Services. More than 100 federal programs support delivery of services to needy by state and local agencies. Services range from day care to job training, are intended to help meet needs not met by income assistance or health insurance. But inconsistency and complexity produce

- . administrative problems for local government
- . frustration among groups to be served.

Study will propose simplification consistent with emerging welfare and health insurance reforms.

3. Federal Administrative Services. Current practices in procurement, property management, ADP are slow, cumbersome, duplicative, unresponsive to needs of mission agencies.

Thorough review of how federal administrative services should be managed will seek sharp improvement. GSA and mission agencies will participate.

4. Local Development. More than 150 separate programs in more than 30 agencies affect community and local economic development. These separate efforts at business promotion, job training, public facilities investment, housing and transportation frequently work in isolation or at cross purposes. Local officials find them difficult to package coherently. Study will propose methods for their better integration, more effective operation.

5. Education. Current scattering of 200 education programs among 20 federal agencies makes difficult the management of both

- . their connections with each other
- . their relationships to other purposes (preparation for employment, advancement of research).

Initial study under joint direction of VP, Eizenstat, Califano, Lance will propose overall structure for educating by mid-August. Following studies will produce complete plan.

General points:

- . This is first group of major interagency studies; others to follow.
- . In each case, PRP will consult widely with Congress, interested groups, state and local officials, federal officials. Federal agencies will participate directly in work, will be asked to contribute staff.
- . Public announcement on Wednesday; news embargoed till then.



THE WHITE HOUSE
WASHINGTON

6-27-77

To ADM Rickover

Please have your staff
send me a brief description
of the Shippingport breeder
& its potential for the
future.

Respectfully
Jimmy

Send by
messenger
6/27/77
5:30

THE WHITE HOUSE
WASHINGTON

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the President's outbox. It is
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handling.

Rick Hutcheson

cc: The Vice President
Jack Watson
Z. Brzezinski
Robert Strauss

Re: GSP and OPEC

THE WHITE HOUSE
WASHINGTON

*Note - copy of top page
to Eizenstat only*

ACTION
FYI

<input checked="" type="checkbox"/>	MONDALE
	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
<input checked="" type="checkbox"/>	WATSON

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<input type="checkbox"/>	CAB DECISION
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	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input checked="" type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
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<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input checked="" type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 25, 1977

*Stu - best.
Option (3) looks better.
If I decide after I
have a visit what
to do if anything. J*

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT
BOB GINSBURG

SUBJECT:

GSP and OPEC
(Prepared at your request)

You have asked us to assess option (3) suggested by Vice President Mondale in his memorandum on the GSP-OPEC issue, under which the Administration would seek an amendment of the Trade Act to provide the President with the flexibility to waive the OPEC exclusion on a country by country basis under prescribed conditions. Each waiver decision by the President would be based on his assessment of the U.S. national economic interest, with particular reference to moderate supply and price policies for oil by the designated country.* We have consulted with State, STR, NSC, Treasury, and the office of the Vice President in connection with the preparation of this memorandum.

THE MONDALE OPTION

1. Statutory Language and Congressional Testimony.

(a) The Trade Act would be amended to provide the President with the authority to exempt any country from the "OPEC exclusion" (which specifically names OPEC but applies to all international cartels as well) if he determines it to be in the "national economic interest" to do so.

(b) Administration testimony (and Congressional report language) would make it clear that we were not merely seeking a grant of broad discretionary authority, but rather that in assessing the national economic interest, the President would, as to each OPEC country, take particular account of its present and probable future price moderation and supply

*This language slightly modifies the Vice President's reference to "willingness (past and future) to offer secure access to petroleum supplies at stable market prices" (emphasis added). We think we have retained the thrust of the option while stating it in terms more likely to be acceptable to those OPEC countries with which we are friendly.

reliability for oil and the usefulness that the grant or withdrawal of GSP status might have in encouraging price moderation and supply reliability. While past embargoes would certainly be carefully considered in assessing future supply reliability, they would not necessarily be conclusive in this matter.

(c) Administration witnesses would testify that the basic reason for seeking legislative change is our view that the President ought to be able to have GSP as a tool (albeit a modest one) for developing improved economic relations with those of the OPEC countries that are friendly to us. The Administration would not be seeking, and would not intend to grant, a blanket waiver but rather a country by country waiver based on the principle of achieving improved economic relations, with particular emphasis on reliable supply and moderate price policy for oil.

2. Timing. If your discussions with President Perez make it appear worthwhile to pursue this Option, we would undertake a process of consultation with the Congressional leadership and our other friends in OPEC before introducing legislation. If Congressional or OPEC reaction indicated that the introduction of legislation would not further either the objective of modification of the OPEC exclusion or better relations with friendly OPEC nations, the Administration might not go forward. In any case, because of our desire that this issue not complicate passage of our domestic energy program, careful consideration should be given to whether legislation should be introduced prior to Congressional passage of the energy program.

3. Presentation of Option to President Perez.

(a) You would present the Option in general terms as outlined in 1 and 2 above.*

(b) In addition, you would tell President Perez that we appreciate Venezuela's reliability as a supplier, especially during the embargo and during last winter. Speaking frankly, you would also observe, however, that (i) the public and Congress do not readily distinguish between the embargoing actions of certain OPEC countries and the price actions of OPEC as a whole and (ii) statements (such as the recent one by Venezuelan Minister Perez Guerrero to the UN) that OPEC should use oil as a political weapon make any Administration initiative more difficult. You might inform President Perez

*If you approve this Option, we will work with State and NSC to prepare detailed talking points.

that even raising the issue in the modest way described could cause an adverse domestic reaction -- which you are willing to accept if he thinks pursuit of the Option is worthwhile.

(c) If President Perez thinks the Option represents a step forward and asks you to pursue it, you would indicate that you will begin the exploratory process described in item 2 above. (We are advised by NSC that, although it is far from certain, President Perez' response to the Option is likely to be positive. State believes that to the extent the focus is on price moderation (rather than supply reliability) as a consideration in granting GSP, Perez' reaction is likely to be negative -- nevertheless, State thinks it is worth trying Perez on this and that the Option will evoke a better response than that of refusing to do anything on the issue.)

(d) You would indicate that even with Administration sponsorship, legislation along the lines discussed would be very difficult to get through Congress and you cannot guarantee passage. If the legislation is passed, however, the Administration would look sympathetically on designation of Venezuela for GSP.

(e) Any public statement would indicate only that the matter was carefully discussed. A more positive statement could provoke adverse domestic reaction in light of our domestic energy program, the record trade deficit just announced for the first quarter, and the upcoming OPEC price meeting in July. Frank Moore would like to check with the Congressional leadership on how a positive statement might be received.

4. Passage of the Legislation and Subsequent Administration Action. We are advised that legislation embracing the Option probably would not be passed by Congress. If the legislation were passed, the Administration would proceed to make a determination as to each OPEC country in accordance with the statutory criteria. Some decisions would be fairly easy --e.g., grant GSP to Venezuela, Indonesia, Nigeria; refuse to waive the exclusion for Libya, Iraq. There would, however, be a broad middle group of OPEC countries requiring decisions involving some domestic or foreign policy cost. (State and NSC will probably advise you to grant GSP to all or most of these countries.)

ASSESSMENT OF THE MONDALE OPTION

1. Advantages

The Mondale Option has the virtue of enabling you, if you choose, to be forthcoming with the Venezuelan President

but in a manner which (a) does not discriminate against those other OPEC nations with which we want to maintain good relations (as would, for example, a Western Hemisphere option) and (b) should not provoke an unduly hostile domestic reaction. It would permit you to limit the foreign policy cost inherent in refusing to do anything on this issue and the domestic policy cost inherent in a blanket waiver not tied to some economic criteria. As noted earlier, State and NSC believe that President Perez would probably react to the Option either positively or at least more favorably than to a refusal by you to do anything on this issue.

2. Disadvantages and Other Considerations

(a) GSP is, at best, a very minor bargaining tool. Since GSP is not worth very much (except perhaps symbolically) to the OPEC countries, you will not in fact be able to use it as a tool to secure real concessions on oil prices and supplies. Your decision to waive the exclusion will instead have to be based on improved overall economic relations with the countries involved and some reasonable prospect of reliable supply and price moderation.

(b) The OPEC countries, including Venezuela, will view the Option less favorably than they would an unconditional repeal of the exclusion.

(c) The domestic reaction to any extension of GSP to OPEC countries would be adverse. The labor movement is opposed to GSP generally. The labor movement, the Jewish community, and others will be particularly hostile to the extension of GSP to any Arab countries (see item 3 below).

(d) You, rather than Congress, would have to bear the foreign policy cost of denying GSP to certain of the OPEC countries. Once having granted GSP to certain OPEC countries, you will implicitly have to decide whether or not to remove it after each OPEC action on prices or production levels -- when OPEC imposes inflationary price increases, your decision will involve domestic cost if you do not remove GSP treatment and foreign policy cost if you do.

(e) This kind of legislation would be very susceptible to the attachment of additional amendments. For example, Congress might add a human rights requirement for GSP eligibility for all GSP beneficiaries.

3. Saudi Arabia

Since any extension of GSP to OPEC countries will involve some domestic cost (which the Mondale Option will reduce but

not eliminate), you should consider any extension to a particular country favorably only if it advances our overall foreign policy objectives. State, NSC, and Treasury all advise, on foreign policy grounds, that we should not undertake this initiative if it appears that in the end (assuming the legislation passes and the Administration has to take action) we will grant GSP to some OPEC countries and deny it to Saudi Arabia. They believe that denial of GSP to Saudi Arabia, once the Administration has discretion, would constitute a foreign policy setback sufficient to outweigh any benefits of extending GSP to Venezuela and other OPEC countries. Accordingly, if you believe now that you will not want to use your discretion to waive the exclusion for Saudi Arabia, these agencies would advise against the Mondale Option.

AGENCY VIEWS AND CONCLUSION

The Mondale Option is not the first choice of any of the agencies -- some would prefer that you do nothing on this issue and others would recommend a blanket waiver. All, however, agree that (subject to the Saudi Arabian caveat) if you want to take a foreign policy initiative here, the Mondale Option is a reasonable and prudent approach. We concur. By stressing the use of GSP as a tool and linking its grant to some economic gain for the U.S., the Mondale Option would significantly reduce what we regard as the unacceptable domestic cost involved in a blanket waiver. On the other hand, the Option appears to be sufficiently forthcoming and nondiscriminatory to advance your foreign policy interests.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 25, 1977

*Stu -
Option (3) looks best.
I'll decide after
Raez's visit what
to do
if any thing. J*

Mr. President:

1. Attached is the memorandum you requested assessing the Vice President's option (3) on the GSP-OPEC issue.
2. I would like to add that although you did not ask us to assess the Vice President's option (2), the Western Hemisphere waiver, there is some sentiment (e.g., Ambassador Strauss) that domestically this might be the easiest to sell to Congress, and would further our Latin American policy as well as directly benefit Venezuela and Ecuador. Other agencies (e.g., State and probably Treasury) oppose this approach as being discriminatory and undercutting our overall foreign policy objectives. I will not explore this option further unless you so direct.
3. Zbig feels that the best way to handle the situation for the visit is to issue a public statement which would simply say that "President Carter agreed to seek arrangements which would permit him to waive the OPEC exclusion on GSP for Venezuela."

This would provoke press inquiries and if we go forward with it we should be prepared to discuss our overall approach to GSP and OPEC. The potential adverse domestic reaction and its consequent potential impact on our energy package should be reviewed by Dr. Schlesinger and Frank.

Stu
Stu Eizenstat

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Rick Hutcheson

Re: Domestic Policy Staff Weekly
Status Report

8 pgs
6/27/77



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<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

June 23, 1977

*Stu.
checked, memo
most important to me*
S

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Domestic Policy Staff Weekly Status Report

HOUSING AND URBAN DEVELOPMENT

Neighborhood Commission: Candidates being screened for your review in July. Commission will be closely linked to Administration's urban policy efforts. HUD will be liaison to Commission.

Tris Ban: SBA, in its advocacy role, is attempting to bring parties together for a mediated solution through Federal Mediation and Conciliation Service. Results expected by July 1.

FHA Review: HUD's FHA Task Force will be completing its review by end of June.

Federal Home Loan Bank Board: Providing substantive briefings for Bob McKinney and meeting with consumer opponents to his nomination in order to attempt to overcome this opposition.

Consumer Cooperative Bank: We are working with Congressman St. Germain on your chosen policy.

Redlining: Setting up interagency task force. First meeting was on June 22.

CIVIL RIGHTS AND JUSTICE

Privacy Protection Study Commission: The Privacy Protection Study Commission is to issue their report on July 12. We are reviewing advance copies of the report to develop possible Administration initiatives.

Undocumented Aliens: In accordance with your comments on our memorandum we are consulting with groups and Congress. Mexican consultations will take place July 1. ✓

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Equal Employment Reorganization: Continue meeting with task force. ✓

Privacy: H.R. 214 is still being discussed by Justice. We will have a memo to you as soon as we know their position.

Drugs: DEA will submit three bills to OMB, one of which includes a controversial preventive detention measure. It is being reviewed first by Peter Bourne.

Handguns: In accordance with your comments on our memo we will supply you with the proposed draft legislation.

LEAA Reorganization: Task Force made up of Justice and LEAA is meeting. ✓

Drug Enforcement Administration-FBI: Justice is studying the possibility of combining DEA and the FBI for drug enforcement purposes. ✓

Grand Jury Reform: Justice testimony has been rescheduled for June 29 in order to permit time for us to get a memo to you. You will have it soon. ✓

HEALTH

Preventive Care: OMB and Domestic Policy Staff will be meeting with the Center for Disease Control on fluoridation. The planned visit to Maryland, one of the two states with extremes in levels of fluoridation protection, will be on Wednesday, June 29. Report to be submitted in September.

World Hunger: We are meeting on June 28 with Chip Carter, the National Security Council staff, Frank Press and Peter Bourne to discuss initiatives on world hunger. ✓

Cost Containment: HEW, Domestic Policy Staff, and Frank Moore's staff are now working out the Administration's position on the Talmadge bill. Mark-up is scheduled for July 18-29. ✓

Labeling of Alcoholic Beverages: The Justice Department has asked for White House decision on whether to appeal a District Court decision holding that the Bureau of Alcohol, Tobacco, and Firearms, rather than the FDA, has jurisdiction over alcohol labeling. Both agencies have been asked to present their positions. A memo to you soon.

Medicare Reimbursement for Physician Extenders: Ways and Means Committee staff and HEW appear on the verge of working out a compromise bill. Subcommittee mark-up is scheduled for July 18.

Regulation of Carcinogens: We have circulated a memo to OMB and appropriate agencies suggesting that Frank Press chair an interagency task force to study the regulation of carcinogens. Comments are due on June 25.

Recombinant DNA: House Interstate Commerce Committee is marking up its bill, which, in the main, parallels the Administration bill. The Senate Human Resources Committee has marked up a bill which requires a commission rather than the Secretary of HEW regulate DNA.

ENERGY AND NATURAL RESOURCES

Alaskan Natural Gas: First draft of agency comments on the FPC decision reviewed and commented upon by Schlesinger's staff and core group. Agencies will revise drafts accordingly. ✓

Water Pollution Legislation: Working with EPA, CEQ and CEA to develop position on major issues of treatment plant funding and mid-course corrections. Strategy being planned on construction grant funding on wetlands issues. Senate hearings scheduled for early July.

Water Projects: You have received memorandum on Senate strategy. Senate floor vote next week. Preliminary indications are that an Administration amendment would receive a respectable vote. House supporters are urging no compromise at this point. ✓

Clinch River Breeder Reactor: Senate Energy Committee vote expected by end of week (June 24). Jackson is seeking to compromise. House floor action put off until after July 4 recess. Continuing to coordinate lobbying efforts with Frank Moore and Jim Schlesinger. ✓

BUDGET

Our staff and OMB will be meeting together with the agencies over the next few weeks to discuss budget and policy work to be conducted over the summer in light of your Spring budget review. ✓

CONSUMER REFORM

Package of Substantive Consumer Reforms: A task force has met. A memo is being drafted on the consumer agenda in Congress.

REGULATORY REFORM PROJECTS

Regulatory Reform Agenda: Regulatory Working Group is drafting a decision memo for you. Target date is June 30. ✓

Surface Transport Reform: Following your meeting with Secretary Adams, task force is studying and preparing decision memo for you on options for surface transport reform. First meeting was on June 13. Target date for memo is July 15.

Broadcast Deregulation: Under the supervision of Barry Jagoda and the Policy Staff, OTP has initiated a review of possibilities for deregulation measures in the broadcast area. We plan to get a strategy options paper to you within two weeks.

Financial Institutions Regulatory Reform: Treasury legislation has gone to Hill. Task Force will be formed to develop longer-term reform proposals.

Economic Impact Analysis Procedure: EPG Subcommittee developing a proposed executive order. Informal group assessing EIA bills now in Congress.

Legislative Veto: Working group assessing question of legislative veto of regulations.

OSHA Reform: Task Force chaired by Bert Lance and Ray Marshall will begin operating soon. Expect public announcement within two weeks. ✓

INTEGRITY AND OPENNESS MATTERS

Freedom of Information Act Liberalization: Justice to draft an executive order. Target date is first week in July.

Executive Order on Logging: Memo prepared by Justice has been reviewed. Justice has submitted a draft executive order. Target date for issuance is fourth week in June.

Revision of Security Classification System: The interagency committee, which we are co-chairing with NSC, has begun work. A first draft of the new executive order should be ready in July. We have briefed interested Hill Staffers and asked their advice.

Lobby Reform: Working with OMB and Justice to develop statutory language on executive branch lobbying for inclusion in the House and Senate bills. ✓

FBI's National Criminal Information System: The Justice Department has delayed implementing its proposed changes in the guidelines on FBI operation of the national computer hook-up. Justice is reviewing the matter with us and with interested Congressmen. We will advise you when Justice is ready to make a decision: mid-July at the earliest.

Sunset: We and OMB are working with Senate staffers to try to resolve the Administration's concerns about certain provisions of the two sunset bills (Muskie's government-wide bill and the Percy-Byrd-Ribicoff proposal, which applies to regulatory agencies.)

COMMUNICATIONS

Federal Film-Making: A draft OMB circular to control spending and consolidate facilities has been circulated to the agencies. ✓

Public Broadcasting: HEW and OMB have generally endorsed our plans, with a few specifics still being worked out. It should be ready to go to you next week.

ECONOMICS AND BUSINESS

Trade Adjustment Assistance: Memo to you early next week on proposed adjustment assistance program for the shoe industry, with announcement scheduled to meet June 30 deadline. Inter-agency work on revision of overall TAA program should be completed next month.

Tax Reform: We continue to consult with Treasury, CEA, and outside experts such as Joe Pechman. ✓

Generalized System of Preference and OPEC: Memo to you shortly assessing the option suggested by the Vice President (i.e., seek Presidential flexibility re waiver for individual countries based on their supply and price behavior.

EDUCATION

Department of Education: Per your request, I am working with a task force that includes the Vice President, Bert Lance and Joe Califano. A memo on the overall approach is in to you. We will continue to work with the Vice President, OMB and HEW on the HEW/Education reorganization question, pursuant to the work plan you have approved.

Federal Interagency Committee on Education (FICE): FICE task force on energy in the schools is addressing the plan.

Public Works: Education associations are concerned with EDA interpretation of the public works legislation that permits local government agencies to exclude school districts from decision-making process in determining which projects to fund. Issue affects primarily small, rural school districts that are not coterminous with counties. Domestic Policy staff is working with appropriate parties to ameliorate the situation.

Adams v. Califano (dual public higher education systems): HEW's planned submission to the court which is due at the end of the month attempts to meet the court's demands to desegregate student bodies and facilities and still preserve the integrity of black colleges. It is expected that North and South Carolina and Virginia will be most unhappy with the plan. ✓

WOMEN

Minorities and Women in Science: An interagency task force has been created to coordinate programs and policies that encourage the participation of minorities and women in science and technical fields. Participants include the President's Science Advisor, National Science Foundation, and Office of Education.

Initiatives on Women: Suggested proposals on Women will be submitted by the end of the month.

VETERANS

We are working with the VA and OMB on a work schedule of the studies they are to conduct as a result of your meeting with Max Cleland earlier this week. We are working with OMB on a proposal to expand the discharge upgrade program to include veterans of wars prior to Vietnam. Initial estimates are that this will not cost much and that it will do much to deflate the opposition to the current program. ✓

TRANSPORTATION AND LABOR

Labor Law Reform: Agency reviews were due June 14. Our analysis by June 27.

Cargo Preference: EPG discussed May 19. Hearings postponed. Treasury and Commerce memos are in staff circulation. We will forward our analysis with these on June 24.

Dual Compensation: Options for administrative action on agency waivers to you by June 29.

Minimum Wage: Charlie Schultze, Frank Moore and I have met with Hill leaders. Charlie's report is in to you. ✓

Humphrey-Hawkins: We are working with CEA drafting an alternative bill in conjunction with CEA.

MISCELLANEOUS

Federal Standards for Auto No Fault: Decision memorandum to you (with Secretary Adams' recommendations) week of July 4.

AGRICULTURE AND RURAL DEVELOPMENT

Farm Bill: We are continuing to work with USDA, OMB, and CEA to identify Administration options as this bill (which includes commodity programs, PL 480, food stamps, and agricultural research) approaches the House floor and conference. Will have a memo for you within the next few days. ✓

Foreign Agricultural Assistance: We are working with USDA on an assessment of U. S. international food and agriculture policy. The Department is planning to offer a series of recommendations to you about August 15.

Coord E AID study

Rural Development: We are working with USDA and OMB in the preparation of a budget issue paper on this topic. Assistant Secretary of Agriculture, Alex Mercure, testified at Senator Clark's oversight hearings this week and by all reports did very well.

World Food and Nutrition Study: National Academy of Sciences report made public this week. It calls for increased public support in 22 research areas and for improved coordination and direction of U. S. policy, including establishment of a separate staff unit in the Office of the President. ✓

THE WHITE HOUSE
WASHINGTON

June 27, 1977

The Vice President -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Voter Registration Bill

THE WHITE HOUSE
WASHINGTON

6-27-78

Fritz

Levitas recommends
strongly that Voter
Registration bill have
its number (8400)
changed before the
House vote -

J. P.

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WASHINGTON

June 27, 1977

Secretary Califano -

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Re: Buffalo Health Systems Agency

cc: Stu Eizenstat
Jack Watson

THE WHITE HOUSE
WASHINGTON

June 27, 1977

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Re: Buffalo Health Systems Agency

cc: Stu Eizenstat
Jack Watson

THE PRESIDENT HAS SEEN.



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

June 24, 1977

Good
C

MEMORANDUM FOR THE PRESIDENT ^{1977 JUN 24 PM 5 05}

FROM JOE CALIFANO *Joe*

In a note on my last weekly report, you requested a short description of the Buffalo Health Systems Agency (HSA).

The Act

The National Health Planning and Resources Development Act of 1974 required that 200 state and local planning agencies be established across the country. The Act directs these agencies to prepare and implement plans to provide health care for their areas, and gives local HSA's unprecedented control over health service development to enforce their planning decisions. The HSA's have the power:

- to disapprove grant applications for federal health funds;
- to provide funding for development of needed health resources; and
- to review the "appropriateness" of all existing institutional health services in their area.

HSA boards contain representatives from all segments of the health care system, including consumers and third-party payers.

HEW must approve and "designate" Health Systems Agencies in a two-step procedure. First, agencies are conditionally approved when they are initially established in a state or local service area. Once the agency becomes fully staffed, and drafts both a detailed statement of health goals and an operational plan to achieve these goals, HEW grants the agency a full and unconditional designation.

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The Agency

The Health Systems Agency of Western New York, which covers the area around Buffalo, became, on June 14, the first agency to receive full designation. With this designation, the Buffalo HSA receives 90% of its proposed \$700,000 annual budget from HEW.

- Population Served

The Buffalo agency covers health facilities serving the 1.76 million population of Western New York State. This area has a fairly average cross-section of the national population with slightly higher proportions of rural dwellers (25 percent) and elderly (10 percent). The minority population is approximately 7.5 percent. No unusual health problems exist.

- Acute Care Costs

Buffalo's Health Plan identifies twelve major health problem areas, setting goals and targets for each. The most impressive section of the Plan is that which addresses the problem of acute care costs.

Per diem costs for short-term acute care beds in Buffalo have risen from \$41 in 1966 to \$136 today. To slow this increase, the Buffalo Plan establishes four major health systems goals, based on an analysis of projected needs:

- a reduction in the number of acute care beds;
- a reduction in the average length of stay;
- a ceiling on acute care expenditures, not to exceed 30 percent of all health care expenditures;
- a regional plan (and limit) for specialized services; e.g., CT scanners, end-stage renal disease centers, and burn treatment centers. (The Buffalo HSA has succeeded in establishing a voluntary moratorium on approvals for these specialized services until regional plans are complete.)

The Buffalo Plan demonstrates the type of HSA planning to reduce health costs that we hope to see nationwide. We will monitor the results carefully.

THE PRESIDENT HAS SEEN.
THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

27 June 1977

C/

MEMORANDUM FOR THE PRESIDENT

Charles Duncan and I met with Senator Stennis today about helicopter pilot training. I think he now understands the problem better, but is personally committed to some colleagues who oppose us on the issue. For this reason, I believe it would be better for you not to use up influence by calling him on this issue. We're gaining, even if we don't make it this year.

Harold Brown

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Cabinet mtg
6/27/77

THE WHITE HOUSE
WASHINGTON

- > Oral bid - Lumber
Schultze / Ste. Kneps
DW Brooks - World Hunger
- > Chicago TRTB - Jobs - \$15000 +
- > Shoe industry program - phase out?
Commerce - better weekly report
OMB-CEA - Treas weekly mtg
Helicopter pilot training
Block ~~to these~~ integration
- > Medicaid fraud - MDs → jail
- > FBI - drug enforcement
- > ITI amendments - conference
- > ILO - withdrawal?
- > Bergland report
- > US/UK air agreement
- > Mtg w Gov's re energy 7/9
- > No Cabinet mtg 7/4
- > ADM Rickover - Loss of 4285
- > B-1
Int Women's Year Conference
- > IMF - pay off commercial loans

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THE WHITE HOUSE
WASHINGTON

Women in service $1\frac{1}{2} \rightarrow 6\%$
Military compensation. Jwick
Meeting & CINC's
718 - 714

- Calif business - Al Oil \rightarrow Japan
Lamm - W. Coal. growth rate

- Airline negot team?

- Export policy

- Reorganization schedule

- Cash of '79

- Canada restrictions on textiles
(renewal - MTN proposals)

- Energy. ~~of~~ precariously splendid

recon depressant Δ dereg natural gas = $3\times$ price

depressant Δ $+153$ Korea $+70B$

Inflation $+1\frac{1}{2}\%$ = 4 lobby/cong

- Ottawa - agreement re 1st

- Bergland trip - Food

THE WHITE HOUSE
WASHINGTON

ARAMCO - Tax vs royalties
regulations in a month
memo to me this week

- NYC loan

Jamaica IMF loan

Tax reform - memo

OECD - growth target (5%)

Study on youth employment

Financing Alaska gas pipeline

July 1 → July 20

- LEAA Study - distribute

Asb report - DEA

Anti-trust study

- Youth bill passed ok

Coal strike spreading 25%
out

- Rhodesia attacks in Mozambique

- Anna Xfer - Quadripartite

Indian Ocean - Moscow

Djibouti - Ethiopia

THE WHITE HOUSE
WASHINGTON

- Wholesale price index \rightarrow good news
- HEW/Labor app. bill
- Cancer Research \rightarrow treatment
- Mandated personnel level
- Welfare reform
- Sale 47 Outer Cont Shelf
~ 2x expected bid
- other sales $>$ 10/1/77
- Civil Service -
- Satellite coverage - Pacific
- Redwood
- Saudi oil price increase
- Soviets dismal public comment

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 27, 1977

C
✓

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M.*

The Georgia EMC's Subcommittee on Power and Energy met Thursday in a stormy session. They were unable to support deletion of the Richard B. Russell.

The bill will go to the floor of the Senate late this week. Dan Tate will begin lining up co-sponsors of an amendment to delete all water projects including the ones the subcommittee has already deleted.

We have a tentative vote count of 30. We need 37 to sustain a veto. Of course, we will work toward 51, but it will be tough sledding with the four affected Senators. The Committee and the Chairman of the Subcommittee (Senator Stennis) are opposing us. Senators Talmadge and Nunn have agreed to lay low.

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

MINUTES OF THE CABINET MEETING

Monday, June 27, 1977

The twentieth meeting of the Cabinet was called to order by the President at 9:00 a.m. All Cabinet members were present. Other persons present were:

Joe Aragon	Bunny Mitchell
Barbara Blum	Dick Moe
Zbigniew Brzezinski	Frank Moore
Landon Butler	Richard Pettigrew
Hugh Carter	Frank Press
Stu Eizenstat	Bob Russell
Jane Frank	Charles Schultze
Rex Granum	Jay Solomon
Jim King	Stansfield Turner
Bob Lipshutz	Charles Warren

The President welcomed Mr. Bergland home from the Far East and announced that there would be no Cabinet meeting Monday, July 4. He asked for comments from Cabinet members, beginning with the Secretary of Defense:

1. Dr. Brown noted that there has been a substantial increase in the number of enlisted women from 1966 to 1976--although women are still a modest percentage of enlisted personnel. The statistics suggest that more highly qualified women are willing to enlist than men. Dr. Brown is exploring ways to broaden the participation of women in the services and to assure that the first women who graduate from the service academies will have decent career paths to follow. To this end, the definitions of "combat related" and "combat" need to be reevaluated. Although there are some problems in doing so, Dr. Brown believes that further expansion of the roles of women in the services will be essential to preserve the all-volunteer force. In his opinion, broader participation by women is both "advisable" and "feasible."

-- This afternoon the President will meet with the new Commission on Military Compensation, chaired by Charles Zwick, former Director of the Bureau of the Budget, and head of the Logistics Department of the Rand Corporation.

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The Commission will look at the broad question of proper military compensation structure--including retirement benefits. Personnel compensation is now 55% of the total DOD budget and could squeeze out procurement and investment if it is not brought under more control.

-- Last Wednesday, Dr. Brown attended the Commanders' Unit of the Unified and Specified Command meeting in Illinois. There was concern expressed there that Dr. Brown was not speaking up in defense of military benefits. He explained that junior and enlisted people don't always share their senior's view of what they're entitled to, but he assured them of his interest. He said that these meetings are useful on an annual basis.

-- There have been allegations that the F-18 may be cancelled, and Senators Kennedy and Brooke and Congressman O'Neill are opposed because there is an F-18 plant in Massachusetts and because they say the plane is needed. Dr. Brown said that DOD must preserve the integrity of its procurement process and assess defense contracts on the basis of need.

2. Ms. Kreps described her recent two-and-a-half day trip to California, where she met with academic economists, Los Angeles Mayor Bradley, various business groups at the Los Angeles Town Hall and had a telephone conversation with Governor Brown. In Los Angeles, concern was expressed about the government's handling of the new Alaka oil.

-- Ms. Kreps also stopped in Denver to meet with Governor Lamm and representatives of eight surrounding states. Their discussions focused on the "boom" in growth--from the present 2% to as much as 20%--which will be generated by the increase in production and transfer of coal. Communities are eager to build in industrial diversity to prevent the boom/bust phenomenon. Ms. Kreps added that we need to be sensitive to various kinds of growth problems in different parts of the country. In California, the issue is environmental protection versus industrial growth; in Colorado, it is seen in terms of mitigating the impact of the boom. In both cases, lifestyles are undergoing significant change. Ms. Harris added that HUD is sensitive to these problems and is looking at the "new town" concept in relation to communities hit by the energy boom.

3. Mr. Adams will meet his July 1 deadline for decisions on fuel economy, sending women to sea in Coast Guard vessels, and auto occupant restraints.

-- Two major items are unresolved: the need to maintain a team for the next series of air rights negotiations, and the need to develop a transportation policy before the Fall budget review. On the former, he will coordinate with Cy Vance; on the latter, he needs guidance from Bert Lance and the President and would hope to have his program together by September 1. He has also set that date as a target for noise regulations. The President asked that he develop his program and propose options if necessary.

-- The President said that he does not know the full details of the U.S./U.K. air agreement but is pleased that it has been successfully concluded.

4. Mr. Lance said that OMB has completed its Spring budget review sessions and thanked the President and Vice President for the unprecedented time they gave to the process. OMB is now working on reorganization. The President will announce some broad reorganization studies this week, and the plan to reorganize the Executive Office of the President will be submitted to him by Friday.

-- Cabinet members will receive guidance letters and budget numbers for FY 79. Mr. Lance underscored that the numbers will be very restrictive, and that the President is aware that estimates will be low. This is being done in order to gauge the impact of zero-based budgeting.

-- The President noted that he attended Spring review sessions on 96% of the projected federal budget, and that the sessions were very instructive. He will announce this week six identifiable reorganization projects, and noted that work will proceed quickly. He said that Cabinet cooperation will be essential to orderly completion of the projects and will also assure Cabinet members a voice and maximum influence in their outcome. He urged Cabinet members to "jump in with both feet."

5. Mr. Strauss reported that he will talk with the Canadian Ambassador this morning concerning Canada's trade policy on textiles--especially apparel imports.

-- The State Department exchanged notes last week on the Rumanian Textile Agreement and is preparing notes for exchange next week on the Hong Kong Textile Agreement. Mr. Strauss said that both countries should be pleased with the outcome of the negotiations.

-- He described a meeting with the presidents of two garment worker unions. He quoted George Meany as saying, "God and time will tell us what we have on our hands now."

-- Mr. Strauss will attend a meeting in Brussels in July with European Economic Community Commissioners to discuss the Multilateral Trade Negotiations (MTN).

6. Dr. Schlesinger described progress on the energy plan legislation as "splendid" but "precarious". He said that the real estate interests are lobbying to weaken the insulation requirements.

-- Dr. Schlesinger said that the "most massive lobbying effort in many a year" is being waged in support of legislation to deregulate the price of natural gas. Since Cabinet members may be asked about the issue, he listed some relevant statistics: At the present time, 50% of natural gas costs 32¢ per mcf and the average price is 72¢ per mcf. Total deregulation would triple the price and result in substantial increased revenues to producers. None of the proposals now pending in Congress moves toward complete deregulation--and even the Administration proposal would yield some (\$15 billion) increased revenues to gas producers by 1985. The bill supported by Congressman Krueger would go much further in the direction of deregulation, and, according to Administration figures, would add about \$70 billion more revenues to producers than the President's proposal. Dr. Schlesinger noted that independent studies by the Library of Congress and the Congressional Budget Office say that the Administration's estimates of the impact of decontrol are conservative--figures may be as high as \$150 billion. He suggested that the President might hold a press conference to clarify the statistics. Mr. Strauss strongly endorsed the need for this sort of clarification, and the President asked Dr. Schlesinger to draft a brief statement that could be made on television.

7. Ms. Harris said the House/Senate Conference Committee meets tomorrow on HUD's FY 78 authorization. Deliberations are expected to last through the month of July. She anticipates some extensions of HUD programs that expire on June 30.

-- Ms. Harris has appointed all of HUD's regional administrators and invited them to Washington, D.C. in August for a training program which area administrators will also attend.

-- Ms. Harris will fly to Ottawa tonight to sign tomorrow a memorandum of understanding between HUD and the Canadian Ministry for Urban Affairs. She will also review urban development in Montreal.

8. Mr. Bergland said he has just returned from nineteen days in sixteen countries in Southeast Asia. The Japanese praised Mr. Strauss' handling of the color TV issue and expressed concern about the need for an uninterrupted food supply. Mr. Bergland was most encouraged about progress in

the jungles of Malasia where the landless and the poor are being relocated and helped. Bright, young technocrats are moving into government administration. Mr. Bergland said he welcomed the news of continuing pressure to expand commodity aid. In general, it was a good trip.

-- The President asked about the feasibility of long-term contracts with the Japanese on commodities. Mr. Bergland says that they have regarded us as a residual supplier. The President said that some other countries treat us the same way; they buy from other countries for political reasons but are always confident they can fall back on us when supplies run short. Mr. Bergland said that the issue will be discussed in London in September at the International Wheat Agreement meeting.

-- Mr. Bergland is also working with Mr. Vance and Dr. Brzezinski on a proposal to create "food terminals" in Southeast Asia with an appropriate distribution system. He described the present commodities trade as "a gamblers world" and said that his efforts will be to build dependability and predictability in world food supply. He spends half his time on this issue and considers it a highest priority for the Agriculture Department. The President said that he wants to be kept well informed on the subject.

9. Mr. Blumenthal said that the recent Washington Post story headlined "IRS Urged to Seek Millions in Taxes on Aramco Profits" was inaccurate. The story indicated that if the "taxes" paid by Aramco to Saudi Arabia were treated as "royalties," Aramco companies would be required to pay about \$300 million in additional taxes to the U.S. The source in the story apparently considered all the payments to Saudi Arabia as royalties--overlooking the fact that royalties are a deductible business expense which can reduce taxable income but not eliminate tax liability. The IRS is reconsidering which payments made to an oil-producing country by an oil company constitute royalties and which constitute taxes. Mr. Blumenthal has referred the matter to the new IRS Commissioner and expects to have his report within a week.

-- New York City has repaid all outstanding seasonal loans, and Friday the Treasury Department will make a new seasonal loan of \$300 million. Mr. Blumenthal said he has been talking to Mayor Beame concerning borrowing on regular commercial terms which may now be feasible.

-- The Jamaicans will be here this week to discuss the breakdown of their negotiations with the International Monetary Fund (IMF) because of IMF's refusal to allow them to resort to deficit financing.

-- Treasury has completed a series of meetings on tax reform, and now plans several regional meetings. After July 4 the Department may be ready to give the President an update of their proposals.

-- Messrs. Vance and Blumenthal attended a meeting of the Organization of Economic Cooperation and Development (OECD) in Paris this past week. Discussions concerned next year's 5% growth targets for all OECD countries and appropriate mechanisms for follow-up and review. A major unresolved question is the definition of International Monetary Fund reserves. The United States still adheres to the Witteveen facility whereas the OECD Secretariat is still pushing for a "safety net". Mr. Blumenthal said that the Congress is not likely to approve the latter, but that we may have to resort to it if the Witteveen facility is not accepted. He said that the Saudis are the key to resolving the issue.

-- On the non-financial side, Mr. Vance said that the United States urged the group to hold a conference on youth unemployment and stressed the importance of AID programs. Both suggestions were well received. Mr. Blumenthal noted that the Paris meeting reemphasized the agreements reached at the International Economic Summit and the more recent Council on International Economic Cooperation (CIEC) meeting. He added that both he and Mr. Vance held productive bilateral meetings with their foreign counterparts while in Paris.

-- Treasury will submit, in compliance with the statutory deadline, its recommendations for financing the international gas pipeline from Alaska. Mr. Blumenthal said that there is room for a good deal of private initiative.

10. Mr. Andrus stressed the need to coordinate the various statutorily-mandated reports on the Alaska gas pipeline. Dr. Schlesinger said that he will coordinate the review and summary of all Cabinet memoranda on the subject. The President said that he wants to receive each Cabinet member's memorandum in its entirety along with the summary.

-- The President asked for an assessment from Messrs. Blumenthal and Vance on the extent to which the IMF uses its resources to assist banks that have made bad investments.

11. Judge Bell said that the Law Enforcement Assistance Administration (LEAA) study is completed and is very good. He plans to give it wide circulation--to members of Congress, governors, state attorneys general and other interested persons--before he makes a final decision. He has already sent a copy to OMB.

-- He has also received a fine report on the Drug Enforcement Administration (DEA) but is deferring action on any recommendations until OMB's study of border enforcement is completed.

-- Several Senators have raised objections to his proposed antitrust study. He will talk to Senator Kennedy on the subject this week.

12. Mr. Marshall described the outcome of the recent International Labor Organization (ILO) as disappointing. The U.S. must make a decision about whether to pull out by November. He plans to hold a meeting with interested Cabinet members on this subject in July.

-- The Youth Employment bill is expected to pass Congress this week and should be ready for the President's signature in July. Mr. Marshall is going ahead with plans for a signing ceremony.

-- The public service employment part of the CETA legislation is on track in the Congress.

-- The coal strike is spreading and may get worse. Mr. Marshall predicted that negotiations on a new contract may begin earlier than usual because of the strike. He said that approximately 40,000 out of 167,000 miners were not at work today. The Federal Mediation and Conciliation Service is trying to settle the dispute and is meeting regularly with him.

-- The President noted a recent Chicago Tribune article which stated that workers in the \$15-20,000 income bracket were taking off 15 weeks and qualifying for assistance under the Economic Stimulus Package. Mr. Marshall is aware of the situation and looking into it. The President asked the Attorney General to review the legal aspects of the situation.

13. Ambassador Young said that he is preparing for the Security Council debate on Tuesday on Rhodesian incursions into Mozambique. The situation must be handled delicately.

14. Dr. Brzezinski said that the NSC held a committee meeting last week on Israel. Arms transfers and preparations for Mr. Begin's upcoming visit were discussed.

-- The Special Coordination Committee met on SALT to consider a number of propositions which arms negotiator Paul Warnke will discuss with NATO allies and then seek to negotiate.

-- The NSC staff is participating in the Belgrade Conference; several attended the OECD meeting in Paris with Messrs. Vance and Blumenthal; one staff member is in Bonn for meetings on arms transfers; another is in Moscow for discussions on arms in the Indian Ocean.

-- This week the NSC will hold three formal committee meetings: one on China--including basic decisions on relations; one on reorganizing the intelligence community; and one on Africa.

-- The NSC staff will hold an informal meeting on world hunger--an issue which has a direct relation to human rights. The President said he wants the focus as broad as possible--including land reform. Mr. Bergland stressed the importance of the subject and said he would like to be involved. Dr. Brzezinski said that this is simply a staff meeting and that NSC will work closely with Agriculture, State, Commerce and Treasury on the problem. Mr. Marshall suggested that conditions of employment be included among other objectives of any program. The President's Science Adviser, Frank Press, said that several departments, including Agriculture and HEW, can provide important back-up for any project. The President stressed his personal interest in the undertaking and reminded Cabinet members that this issue is the humanitarian project this year of the entertainment industry.

15. Mr. Schultze said that in addition to the inequity and inflation problems associated with gas deregulation, there is also the depressive effect of transferring money to an industry which won't use all of it for additional exploration.

-- The wholesale price index for June comes out a week from Friday. He predicted "good news for consumers."

-- As of January 1, 1978 there will be a .6% increase in payroll costs due to an increase in Social Security taxes and unemployment benefits.

16. Mr. Califano said that the HEW appropriations bill is on the Senate floor today and that he expects several attempts to reduce the dollar figures. Senator Proxmire will offer an amendment to reduce the amount to the original Administration figure and will also try to cut back funds allocated for cancer research. Senator Kennedy will offer an amendment to increase certain health program funds and to cut hospital construction costs; because of the increases involved, HEW will oppose the amendment. Amendments are anticipated on both sides of the abortion issue. A variety of amendments are expected on the Byrd amendment (funds for school desegregation), as modified by Senator Eagleton. There is virtually no chance that the Eagleton modification will lose.

-- The President said that he believes no federal funds should be spent for abortions except to protect the life of the mother. Mr. Califano said that the definition of "protecting the life of the mother" does not include pregnancies due to incest and rape.

-- Mr. Califano said that the report on the HEW appropriations bill mandates the number of personnel to be assigned to various programs. He suggested that attempts be made in conference to delete this language. The President asked for a one-page memorandum on the matter so that he can talk to the Congressional leadership about it.

-- HEW has completed its study of regional offices, and will discuss its conclusions with OMB, Jack Watson and Jim Parham this week.

-- Welfare reform meetings will be completed this week, and Mr. Califano would like to discuss the results with the President soon thereafter. There are some complicated issues-- such as the availability of food stamps for strikers. A number of jurisdictions have asked for fiscal relief from the impact of welfare payments.

-- Mr. Califano is preparing some materials for Dr. Brzezinski and Dr. Peter Bourne on the subject of international health. At Dr. Bourne's suggestion, he plans to attend for four days next year the World Health Conference-- the first HEW Secretary to do so.

17. Mr. Andrus said that \$1.2 billion was paid up front for Outer Continental Shelf (OCS) sale 47 of oil and gas. This was more than double what had been anticipated and shows business confidence. He added that he has been criticized in recent weeks for delays in OCS sales.

-- He reiterated his concern with Civil Service limitations on appointments of people for GS-16 and above jobs who did not serve in high-salary positions previously. Mr. Lipshutz said that he has drafted a letter to the Civil Service Commission asking them to give great weight to a certification by a Cabinet member that a particular nominee is qualified for a supergrade position.

-- Mr. Andrus said that a satellite (ATSF-6) is now in place over the trust territories but is only used about 15 hours per week. The Interior Department wants to put it into service to improve communications in the Pacific--a move that will save money. To do this, Interior needs cooperation from several other departments--HEW is storing the necessary equipment in Denver; DOD needs to provide assistance to transfer the equipment; and the State Department needs to approve the operation.

-- Mr. Andrus has completed the study of the Redwoods National Park which the President promised during his campaign. He now needs a planning grant from EDA; help from Agriculture with respect to returning the timber to pro-

duction; and help from DOT on construction of access roads. He said that the issue is highly visible in California.

-- The President said that he is concerned with oral bids on timber sales. Mr. Bergland said that the law now requires sealed bids unless the buyer grants a waiver. Various people and interests in the Pacific Northwest -- including Congressman Al Ullman -- are upset about the implementing regulations and Mr. Bergland is trying to find an appropriate middle ground. He said that totally dependent communities do have a point that highest bidders can hold towns hostage. Agriculture is working with Justice to prevent collusion in timber bids and may have found an administratively-satisfactory solution. The President said that the public interest must be protected.

18. Mr. Vance said that the State Department had a difficult week in the House of Representatives on financial assistance legislation. Two major limiting amendments were passed: one barring indirect assistance into Indochina and to African countries; a second imposing a 5% cut on foreign aid across the board. The coalition that succeeded in passing these amendments may operate in other areas as well, and Mr. Vance is consulting with Frank Moore on preventative action that can be taken in the Senate.

-- Mr. Vance is disappointed in the response received from Crown Prince Fahd of Saudi Arabia on oil prices.

-- Mr. Vance said that the Soviets are encouraging a negative view of U.S./U.S.S.R. relations but urged Cabinet members to stress the positive aspects of our contacts.

19. The President said that private meetings with the Soviets are much more encouraging than their public statements.

-- He will make a decision and announce it this week on the B-1 bomber.

-- He will meet with governors of most of the states on Saturday morning, July 9 -- the second day of a two-day meeting on energy. If Cabinet members have particular needs, they can arrange to see the governors while they are here for the conference. Mr. Califano said that he may wish to discuss welfare reform, and Mr. Adams said that he had some transportation issues to present. The President said to work out details with Dr. Schlesinger and Mr. Watson.

-- The President said that he wants the shoe industry program phased out in three years. Ms. Kreps and Mr. Blumenthal said that they agreed. Mr. Strauss said that the program is the best we can do but that there is no reason for great optimism. Mr. Schultze stressed the need

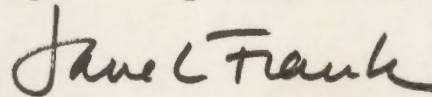
to limit its application specifically to the shoe industry-- the assistance program should not be regarded as a prototype for other industries.

-- The President asked Mr. Bell to assure that those guilty of Medicaid fraud are prosecuted. Mr. Bell said that 200 FBI agents are working on this issue.

-- The President asked Mr. Brown to get a private memorandum from Admiral Rickover on the loss of U-235.

The meeting was adjourned by the President at 11:22 a.m.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Jane L. Frank". The signature is written in a cursive, flowing style.

Jane L. Frank
Deputy Secretary to the Cabinet

THE WHITE HOUSE
WASHINGTON

June 27, 1977

Bert Lance
Stu Eizenstat
Frank Moore
Jack Watson

Re: Rescissions & Deferrals
of Funds Provided in the
Supplemental Appropriations
Act 1977

The attached was returned in the
President's outbox and is forwarded
to you for your information and
appropriate action.

Rick Hutcheson



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JUN 27 1977

ACTION **THE PRESIDENT HAS SEEN.**

MEMORANDUM FOR: THE PRESIDENT

FROM: Bert Lance

SUBJECT: Proposed Rescissions and Deferrals of Funds Provided in the Supplemental Appropriations Act, 1977

This memorandum, which refines proposals sent to you on June 2, 1977, seeks your decisions concerning whether to propose rescissions and report deferrals of certain funds provided in the 1977 Supplemental Appropriations Act. At the time the supplemental was forwarded to you for signature, I indicated that I would develop recommendations on rescission proposals and deferrals to help blunt the effect of the undesirable increases. If you agree to our recommendations and if they are accepted by the Congress, some of these actions would contribute toward a balanced 1981 budget.

We are attaching two lists containing candidates for rescission and deferral that have been revised subsequent to my June 2 memorandum. At Tab A you will find a discussion of each candidate for rescission. In some cases, there is the difficult choice of either proposing a rescission or providing an increase in an agency personnel ceiling over the total you have approved. A discussion of items recommended for deferral is at Tab B. The views of the Domestic Policy Staff, White House Congressional Liaison, and the National Security Council have been incorporated into the descriptions, as appropriate. We are asking for your decision on each item that is attached.

The funds related to each of these proposals have been apportioned to the agencies as required by law. We will initiate withholdings to place in reserve any funds not yet used that you select for rescission or deferral action.

A number of proposals included in my June 2 memorandum are not now being recommended. Removal of these proposals eliminates most White House staff objections. The items removed are as follows:

DELETED RESCISSION CANDIDATES
(in millions of dollars)

<u>Agency/Account</u>	<u>Amount</u>
Health, Education, and Welfare:	
Health Resources Administration	
Health resources (health pro-	
fessions capitation, student	
assistance and D.C. medical/	
dental schools).....	30.9
Office of Education	
Higher education (National	
direct student loans).....	310.5
Salaries and expenses.....	1.6
Veterans Administration	
Department of Medicine and	
Surgery	
Assistance for health man-	
power training institutions.....	10.0

DELETED DEFERRAL CANDIDATES
(in millions of dollars)

<u>Agency/Account</u>	<u>Amount</u>
Health, Education, and Welfare:	
Health Services Administration	
Indian health facilities.....	75.0
Pennsylvania Avenue Development	
Corporation:	
Land acquisition and development	
fund.....	17.0

Attachments

**Electrostatic Copy Made
for Preservation Purposes**

CONTENTS OF TAB A
(in millions of dollars)

<u>Agency/Account</u>	<u>Amount of Recommended Rescission Proposal</u>
Department of Agriculture;	
Forest Service	
Forest protection and utilization (Forest land management).....	21.2
Construction and land acquisition.....	21.3
Timber salvage sales.....	3.0
Forest roads and trails.....	<u>6.0</u>
Total, Department of Agriculture.....	(51.5)
Department of Health, Education, and Welfare	
National Institutes of Environmental Health Sciences.....	2.0
Health Resources Administration	
Health resources.....	26.0
Office of Education	
Elementary and secondary education (Indochinese refugee assistance).....	18.5
Occupational, vocational, and adult education (Indochinese refugee assistance).....	<u>10.2</u>
Total, Department of Health, Education, and Welfare.....	(56.7)
General Services Administration;	
Federal Buildings Fund (Repair and alterations).....	<u>125.0</u>
Total, recommended rescission proposals..	233.2

DEPARTMENT OF AGRICULTURE
FOREST SERVICE
FOREST PROTECTION AND UTILIZATION
FOREST LAND MANAGEMENT

CANDIDATE FOR: Rescission

(in millions of dollars)

	<u>Prior 1977 Appropriation</u>	<u>Administration Supplemental Request</u>	<u>Enacted in Supplemental</u>	<u>Change</u>	<u>Amount of Rescission Proposal and Associated Outlay Savings</u>
Budget					
Authority....	408.8	219.7	244.1	+24.4	21.2
Outlays:					
1977.....	408.8	199.0	221.3	+22.3	-19.4
1978.....	-0-	20.7	22.8	+2.1	-1.8

EXPLANATION:

Funds appropriated by Congress to increase timber sales by 520 million board feet and recreation management by \$12 million are recommended for rescission because the Department states that additional personnel would be required in order to use the funds. There are also questions concerning the benefit/cost relationships for many of these additional sales.

AGENCY VIEW:

The Department recommends that the funds remain available for obligation and that an increase in personnel ceilings of 245 full-time permanent and 1,134 other positions be approved.

WHITE HOUSE STAFF VIEWS:

Stu Eizenstat: This rescission is unlikely to be accepted and the funds could be productively spent. It should be submitted only if the added personnel are an overriding concern.

White House Congressional Liaison staff: no objection.

OMB RECOMMENDATION:

Propose rescission of \$21.2 million.

DECISION:

☒ Propose rescission.

☐ Let funds remain available for obligation.

*Unless Secretary agrees to
observe personnel ceilings.*

DEPARTMENT OF AGRICULTURE
FOREST SERVICE
CONSTRUCTION AND LAND ACQUISITION

CANDIDATE FOR: Rescission

(in millions of dollars)

	<u>Prior 1977 Appropriation</u>	<u>Administration Supplemental Request</u>	<u>Enacted in Supplemental</u>	<u>Change</u>	<u>Amount of Rescission Proposal and Associated Outlay Savings</u>
Budget					
Authority..	18.0	0.5	22.1	+21.6	21.3
Outlays:					
1977.....	18.0	0.5	16.0	+15.5	-15.3
1978.....	-0-	-0-	6.1	+6.1	-6.0

EXPLANATION:

These funds were appropriated by Congress for construction of new recreation facilities and for major rehabilitation of existing facilities. The program level for recreation purposes would be increased from \$6.8 million to \$28.2 million. The funds are recommended for rescission because of the associated requirements for additional personnel. This major increase is intended by the Congress to complement expanded construction and maintenance of national park and wildlife refuge facilities.

AGENCY VIEW:

The Department recommends that the funds remain available for obligation but indicates that this will require an increase in personnel ceilings of 48 full-time and 650 part-time positions.

WHITE HOUSE STAFF VIEWS:

Stu Eizenstat: This rescission is unlikely to be accepted and the funds could be productively spent. It should be submitted only if the added personnel are an overriding concern.

White House Congressional Liaison staff: no objection.

OMB RECOMMENDATION:

Propose rescission of \$21.3 million.

DECISION:

☒ Propose rescission.

☐ Let funds remain available for obligation.

unless personnel ceilings observed J

DEPARTMENT OF AGRICULTURE
FOREST SERVICE
TIMBER SALVAGE SALES

CANDIDATE FOR: Rescission

(in millions of dollars)

	<u>Prior 1977 Appropriation</u>	<u>Administration Supplemental Request</u>	<u>Enacted in Supplemental</u>	<u>Change</u>	<u>Amount of Rescission Proposal and Associated Outlay Savings</u>
Budget					
Authority....	-0-	-0-	3.0	+3.0	3.0
Outlays:					
1977.....	-0-	-0-	2.7	+2.7	-2.7
1978.....	-0-	-0-	0.3	+0.3	-0.3

EXPLANATION:

Funds appropriated by the Congress to prepare 200 million board feet of timber for sale are recommended for rescission because additional personnel would be required in order to use the funds. Moreover, questions exist as to whether these sales would have positive benefit/cost relationships or would satisfy other objectives.

AGENCY VIEW:

The Department recommends acceptance of the Congressional increase but indicates that additions of 100 full-time and 74 part-time positions would be required in order to use the funds.

WHITE HOUSE STAFF VIEWS:

Stu Eizenstat: This rescission is unlikely to be accepted and the funds could be productively spent. It should be submitted only if the added personnel are an overriding concern.

White House Congressional Liaison staff: no objection.

OMB RECOMMENDATION:

Propose rescission of \$3.0 million.

DECISION:

☒ Propose rescission.

☐ Let funds remain available for obligation.

Unless pers. ceilings observed J

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DEPARTMENT OF AGRICULTURE
FOREST SERVICE
FOREST ROADS AND TRAILS

CANDIDATE FOR: Rescission

(in millions of dollars)

	<u>Prior 1977 Appropriation</u>	<u>Administration Supplemental Request</u>	<u>Enacted in Supplemental</u>	<u>Change</u>	<u>Amount of Rescission Proposal and Associated Outlay Savings</u>
Budget					
Authority..	242.1 <u>1/</u>	-0-	6.0	+6.0	6.0
Outlays:					
1977.....	208.1	-0-	1.2	+1.2	-1.2
1978.....	34.0	-0-	3.9	+3.9	-3.9

1/ Obligations

EXPLANATION:

These funds were appropriated by Congress for road construction to support additional timber sales. The funds are recommended for rescission because of the associated requirement for additional personnel in order to use the funds. There are also questions concerning the benefit/cost relationships of the additional timber sales which would be supported by these roads.

AGENCY VIEW:

The Department recommends acceptance of the unrequested funds but indicated that this will require an increase in the personnel ceiling of 128 full-time and 74 part-time positions.

WHITE HOUSE STAFF VIEWS:

Stu Eizenstat: This rescission is unlikely to be accepted and the funds could be productively spent. It should be submitted only if the added personnel are an overriding concern.

White House Congressional Liaison staff: no objection.

OMB RECOMMENDATION:

Propose rescission of \$6.0 million. This action is consistent with the recommendation to propose rescission of funds to increase timber sales.

DECISION:

☒ Propose rescission.

☐ Let funds remain available for obligation.

Unless pers. ceilings observed
J

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
NATIONAL INSTITUTE OF
ENVIRONMENTAL HEALTH SCIENCES

CANDIDATE FOR: Rescission

(in millions of dollars)

	<u>Prior 1977 Appropriation</u>	<u>Administration Supplemental Request</u>	<u>Enacted in Supplemental</u>	<u>Change</u>	<u>Amount of Rescission Proposal and Associated Outlay Savings</u>
Budget					
Authority.....	49.1	-0-	2.0	+2.0	2.0
Outlays:					
1977.....	41.7	-0-	0.5	+0.5	-0.5
1978.....	7.4	-0-	1.0	+1.0	-1.0

EXPLANATION:

No proven shortage exists of biomedical researchers, whom these funds would train. Market forces should encourage new researchers to enter areas of high need, especially high-paying ones like these. In addition, the Environmental Protection Agency is also funding \$4 million per year in training for environmental carcinogenesis, the area identified for increased funding.

AGENCY VIEW:

The new Toxic Substances Control Act has created a need for substantially greater numbers of toxicologists. There is also an increased public awareness and concern in the environmental carcinogenesis area. The Department would oppose this rescission.

WHITE HOUSE STAFF VIEWS:

Stu Eizenstat: I am concerned that this rescission may be viewed as inconsistent with the pledges made in the President's recent Environmental Message to fully and effectively implement the Toxic Substances Control Act.

White House Congressional Liaison staff: no objection.

OMB RECOMMENDATION:

Propose a rescission of these training funds.

DECISION:

☒ Propose rescission.

☐ Let funds remain available for obligation.

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
HEALTH RESOURCES ADMINISTRATION
HEALTH RESOURCES
(TEACHING FACILITIES)

CANDIDATE FOR: Rescission

(in millions of dollars)

	<u>Prior 1977 Appropriation</u>	<u>Administration Supplemental Request</u>	<u>Enacted in Supplemental</u>	<u>Change</u>	<u>Amount of Rescission Proposal and Associated Outlay Savings</u>
Budget					
Authority.....	-0-	-0-	26.0	+26.0	26.0
Outlays:					
1977.....	-0-	-0-	-0-	-0-	-0-
1978.....	-0-	-0-	2.0	+2.0	-2.0

EXPLANATION:

We recommend rescission of \$26 million appropriated for teaching facilities for which no supplemental was requested. The \$26 million was appropriated to develop four regional schools of veterinary medicine. Creating such new schools is a low priority in the attainment of our national health goals since projected supplies of veterinarians seem adequate.

AGENCY VIEW:

HEW generally opposes, as inequitable, direct congressional grants or private relief legislation such as the \$26.0 million provided for veterinary schools.

WHITE HOUSE STAFF VIEWS:

Stu Eizenstat: concurs.

White House Congressional Liaison staff: no objection.

OMB RECOMMENDATION:

Propose rescission of \$26.0 million.

DECISION:

☒ Propose rescission.

☐ Let funds remain available for obligation.

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION
ELEMENTARY AND SECONDARY EDUCATION
INDOCHINESE REFUGEE ASSISTANCE

CANDIDATE FOR: Rescission

(in millions of dollars)

	<u>Prior 1977 Appropriation</u>	<u>Administration Supplemental Request</u>	<u>Enacted in Supplemental</u>	<u>Change</u>	<u>Amount of Rescission Proposal and Associated Outlay Savings</u>
Budget					
Authority.....	-0-	-0-	18.5	+18.5	18.5
Outlays:					
1977.....	-0-	-0-	10.5	+10.5	-10.5
1978.....	-0-	-0-	8.0	+8.0	-8.0

EXPLANATION:

These funds go to provide support to local educational agencies for refugee children. Since no refugee camps for the Indochinese are still in existence, this amounts to an "impact aid" with no income or means test. Existing programs are available for meeting the refugee needs.

AGENCY VIEW:

The Department would support this rescission proposal since most of the former refugees have been integrated into American society and the needs of the remainder can be met through existing programs.

WHITE HOUSE STAFF VIEWS:

Stu Eizenstat: concurs.

White House Congressional Liaison staff: no objection.

OMB RECOMMENDATION:

Propose rescission of \$18.5 million.

DECISION:

☒ Propose rescission.

☐ Let funds remain available for obligation.

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION
OCCUPATIONAL, VOCATIONAL, AND ADULT EDUCATION
INDOCHINESE REFUGEE ASSISTANCE

CANDIDATE FOR: Rescission

(in millions of dollars)

	<u>Prior 1977 Appropriation</u>	<u>Administration Supplemental Request</u>	<u>Enacted in Supplemental</u>	<u>Change</u>	<u>Amount of Rescission Proposal and Associated Outlay Savings</u>
Budget					
Authority.....	-0-	-0-	10.2	+10.2	10.2
Outlays:					
1977.....	-0-	-0-	3.1	+3.1	-3.1
1978.....	-0-	-0-	7.1	+7.1	-7.1

EXPLANATION:

The Administration did not request any funds in the supplemental for Indochinese adult education; the Congress provided \$10.2 million. Funds previously provided for this activity in FY 1976 are sufficient to meet the short-term training objective set by the program.

AGENCY VIEW:

The Department would support this rescission proposal since most of the former refugees have been integrated into American society and the needs of the remainder can be met through existing programs.

WHITE HOUSE STAFF VIEWS:

Stu Eizenstat: concurs.

White House Congressional Liaison staff: no objection.

OMB RECOMMENDATION:

Propose rescission of \$10.2 million.

DECISION:

☒ Propose rescission.

☐ Let funds remain available for obligation.

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GENERAL SERVICES ADMINISTRATION
FEDERAL BUILDINGS FUND
REPAIR AND ALTERATIONS

CANDIDATE FOR: Rescission

(in millions of dollars)

	<u>Prior 1977 Appropriation</u>	<u>Administration Supplemental Request</u>	<u>Enacted in Supple- mental</u>	<u>Change</u>	<u>Amount of Rescission Proposal and Associated Outlay Savings</u>
Budget					
Authority..	-0-	-0-	125.0	+125.0	125.0
(Program					
level) <u>1/</u> ..	(61)	-0-	(125.0)	(+125.0)	(125.0)
Outlays:					
1977.....	24.0	-0-	50.0	+50.0	-50.0
1978.....	24.0	-0-	50.0	+50.0	-50.0
1979.....	13.0	-0-	25.0	+25.0	-25.0

EXPLANATION:

Public Law 92-313, approved June 1972, amended the Public Buildings Act of 1959, as amended, to provide for financing the acquisition, construction, alteration, maintenance, operation and protection of public buildings by means of the Federal Buildings Fund.

The \$125M approved in the supplemental for repair and alterations projects is an appropriation to the fund that was not requested by the Administration. We recommend rescission because:

- ° This unprecedented appropriation violates the intent of P.L. 92-313 that real property activities be financed by payments to the fund from Federal agencies, a funding mechanism that results in no net increase in Federal outlays. Each appropriation to the fund increases outlays, removes constraints on space-related activities that are imposed by the Fund's upward limits, and destroys the integrity of this funding concept.
- ° Generous funding for FY 1978 Repair and Alterations projects has been approved by OMB, and the congressional committees. Within the Fund, \$205M is allocated for repair and alterations projects in FY 1978. This large amount is double the amount ever provided for repair and alteration projects in the past. This funding will permit work on a significant number of projects and will allow ample time for appropriate selection, planning and design of activities. The 1977 supplemental funding, in the absence of a rescission, will not provide adequate advance preparation time, so that planning will be rushed, projects

1/ New obligational authority. There is no budget authority in the fund. The congressional add-on of \$125 million in budget authority would be paid into the fund.

will be selected on the basis of how quickly they can be started rather than on their merits related to other priorities, and proper coordination of project activities may be sacrificed. The supplemental appropriation is both untimely and unnecessary.

- ° Nebulous employment benefits will result from this supplemental although part of the congressional intent in appropriating the funds was to aid construction industry employment. No more than \$80M can be obligated in FY 1977 with outlays spread over three years. This fact negates the congressional intent to provide quick stimulus to the construction industry unemployment levels.

AGENCY VIEW:

GSA would prefer to accept the supplemental rather than to risk offending the committee by recommending rescission.

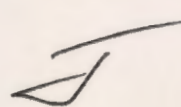
WHITE HOUSE STAFF VIEWS:

Stu Eizenstat: Defer to Frank Moore's judgment.
White House Congressional Liaison staff: no objection. (From other sources outside OMB and the White House, however, it has been learned that Rep. Steed, Chairman of the House Appropriations Committee, is strongly supportive of the special appropriation.)

OMB RECOMMENDATION:

Propose rescission of \$125.0 million.

DECISION:

- ☒ Propose rescission. 
- ☐ Let funds remain available for obligation.

CONTENTS OF TAB B

(in millions of dollars)

<u>Agency/Account</u>	<u>Amount of Recommended Deferral</u>
Department of Defense-Military:	
Funds for operating the Uniformed	
Services University of the health	
sciences.....	12.5
Department of State:	
Administration of Foreign Affairs	
Acquisition, operation, and maintenance	
of buildings abroad (special foreign	
currency program).....	<u>18.0</u>
Total, recommended deferrals.....	30.5

DEPARTMENT OF DEFENSE - MILITARY
FUNDS FOR OPERATING THE UNIFORMED SERVICES UNIVERSITY
OF THE HEALTH SCIENCES IN 1978

CANDIDATE FOR: Deferral

(in millions of dollars)

	<u>Prior 1977 Appropriation</u>	<u>Administration Supplemental Request</u>	<u>Enacted in Supplemental</u>	<u>Change</u>	<u>Amount of Deferral and Associated Outlay Savings</u>
Budget					
Authority....	8.4	-0-	12.5	+12.5	12.5
Outlays:					
1977.....	8.0	-0-	-0-	-0-	-0-
1978.....	0.4	-0-	11.3	+11.3	-0-

EXPLANATION:

The Carter Administration budget deleted funds for operating the University in 1978. Congress has added these funds to several appropriation accounts in the 1977 supplemental and made them available until the end of 1978. Since the Congress appropriated these funds for operating the University in 1978, they should not be apportioned for use in 1977.

AGENCY VIEW:

Agency will not oppose a deferral.

WHITE HOUSE STAFF VIEWS:

Domestic Policy staff, White House Congressional Liaison staff, and the National Security Council have no objection to this proposed deferral.

OMB RECOMMENDATION:

Deferral is recommended in order to comply with the intent of Congress. These funds would be apportioned at a later time for use in 1978.

DECISION:

☒ Defer.

☐ Let funds remain available for obligation.

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for Preservation Purposes

DEPARTMENT OF STATE
ADMINISTRATION OF FOREIGN AFFAIRS
ACQUISITION, OPERATION, AND MAINTENANCE
OF BUILDINGS ABROAD (SPECIAL FOREIGN CURRENCY PROGRAM)

CANDIDATE FOR: Deferral

(in millions of dollars)

	<u>Prior 1977 Appropriation</u>	<u>Administration Supplemental Request</u>	<u>Enacted in Supplemental</u>	<u>Change</u>	<u>Amount of Deferral and Associat. Outlay Savings</u>
Budget					
Authority	-0-	24.7	24.7	-0-	18.0
Outlays:					
1977	-0-	5.1	5.1	-0-	-0-
1978	-0-	3.0	3.0	-0-	-0-

EXPLANATION:

Of this appropriation to provide apartments in Cairo for Department of State and Agency for International Development employees, only \$6.7 million can be obligated in fiscal year 1977, covering design work and site acquisitions. The remaining \$18 million for construction cannot be obligated until design work is completed in fiscal year 1978. The latter amount, therefore, should be deferred throughout 1977 and made available for obligation in 1978. This is a routine financial management action.

AGENCY VIEW:

Department agrees.

WHITE HOUSE STAFF VIEWS:

NSC staff agrees.

OMB RECOMMENDATION:

Defer the \$18 million, which cannot be used in 1977, for use in 1978.

DECISION:

☒ Defer.

☐ Let funds remain available for obligation.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

June 27, 1977

Bob Lipshutz -

For your information, the attached
Executive Order and it has been
given to Bob Linder for appropriate
handling.

Rick Hutcheson

Re: Executive Order Entitled
"Relating to Certain Positions in
Level V of the Executive
Schedule"

cc: Bob Linder

86/27/77
THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

June 23, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: BOB LIPSHUTZ *BJ*
RE: Proposed Executive Order Entitled
"Relating to Certain Positions in
Level V of the Executive Schedule"

Under the law the President may place up to 34 positions in Levels IV and V of the Executive Schedule. Thirty positions have been allocated to date, and the effect of the proposed order would be to increase the figure to 32 by adding one position each at Level V in Interior and Labor.

The Interior position involves development of land utilization policies. The Labor position entails responsibility for administration of the agency and for labor-management relations.

Justice and OMB have approved the proposed order. We recommend approval.

☒ Approve ☐ Disapprove

[Signature]

THE WHITE HOUSE
WASHINGTON

June 27, 1977

Bert Lance
Stu Eizenstat
Jack Watson

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

cc: Secretary Brock Adams
cc: Robert Linder

Re: Budget Amendments for the
Department of Transportation
and the Washington Metro-
politan Area Transit Authority

THE PRESIDENT HAS SEEN.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 24, 1977

SIGNATURE

MEMORANDUM FOR: THE PRESIDENT

FROM: Bert Lance

SUBJECT: Budget Amendments for the Department of Transportation
and the Washington Metropolitan Area Transit Authority

cc: Brock
Bert- Unless
WMATA comes up
with an acceptable
financing plan in
not going to sign
any more of these.
J.C.

Attached for your signature are requests for fiscal year 1978 budget amendments for the following:

- \$82.7 million for the Department of Transportation, Urban Mass Transportation Administration. These funds will be used to finance mass transit and non-interstate highway projects in the Chicago area which will replace portions of the Chicago Crosstown Expressway which are no longer needed. This proposal also includes a reduction in the ceiling on Federal capital grant assistance to the Washington, D. C. Metro system in 1978. This reduction will offset a one-time Federal payment of interest costs necessary to prevent the default on the Federally guaranteed revenue bonds of the Metro system during fiscal year 1978.
- \$29.3 million for the Washington Metropolitan Area Mass Transit Authority. This is part of the proposal to temporarily provide Federal financial assistance for the interest costs in fiscal year 1978.

These proposals are included in the Senate version of the fiscal year 1978 Department of Transportation Appropriations Act. The Senate Appropriations Committee included these requests as an Administration proposal after being informed that they would be needed. It is important that we formally transmit these proposals to the Congress as soon as possible.

The details of these proposals are contained in the fact sheets attached to this memorandum.

Recommendation

That you sign the letter transmitting these proposals to the Congress.

Attachment

Electrostatic Copy Made
for Preservation Purposes

DEPARTMENT OF TRANSPORTATION
Urban Mass Transportation Administration

Purpose/Discussion

This proposed amendment will provide an additional \$112 million for mass transit and non-interstate highway projects in the Chicago area. The authority for these projects will be transferred from portions of the projected Chicago Crosstown Expressway which are no longer needed. The authority for such transfers is contained in the Federal-aid Highway Act of 1976. This proposal also includes a reduction in the ceiling on Federal capital grant financial assistance to the Washington D.C. Metro system in fiscal year 1978. This reduction of \$29.3 million is being made to offset a one-time increase in the direct Federal payment to the system. This temporary change in funding is necessary to enable the Washington Metropolitan Area Transit Authority (WMATA) to avoid default on its Federally guaranteed revenue bonds in fiscal year 1978. The details of this are contained in the following fact sheet dealing with the separate WMATA proposal.

Outlay Impact

This proposal will increase fiscal year 1978 outlays by \$20 million and fiscal year 1979 outlays by \$63 million.

Recommendation

That you sign the letter transmitting this proposal to the Congress.

OTHER INDEPENDENT AGENCIES
Washington Metropolitan Area Transit Authority

Purpose/Discussion

This proposal will provide a \$29.3 million increase for the Federal contribution to the Washington Metropolitan Area Transit Authority (WMATA). It represents an offset to a reduction of a like amount in grants to WMATA through the Urban Mass Transportation Administration. This offsetting transaction will allow this Agency to use \$29.3 million in Federal funds for interest payments on its bonded indebtedness. Using grant funds provided by the Urban Mass Transportation Administration for this purpose would be of questionable legality. WMATA has indicated that it will be in default on its revenue bonds in fiscal year 1978 if it does not receive Federal assistance. The Federal Government, which has guaranteed \$997 million in WMATA revenue bonds, would be obligated to make the interest payments in case of default.

This \$29.3 million request represents an 80% payment for the interest due on the bonds in fiscal year 1978 that is not already covered by the Federal subsidy and the bond reserve fund. WMATA will be responsible for the remaining \$7.3 million interest payment.

We anticipate that WMATA will continue to have problems meeting the interest payments on its revenue bonds. The Department of Transportation has asked the local jurisdictions involved in the WMATA compact to develop a comprehensive financing plan during 1977 and 1978 that will provide a continuing source of locally generated funds to cover the debt service, operating, and local share of capital costs of public transportation in the Washington metropolitan area.

Outlay Impact

This proposal will increase outlays in fiscal year 1978 by \$29.3 million.

Recommendation

That you sign the letter transmitting the budget amendment to the Congress.

THE WHITE HOUSE
WASHINGTON

The President
of the Senate

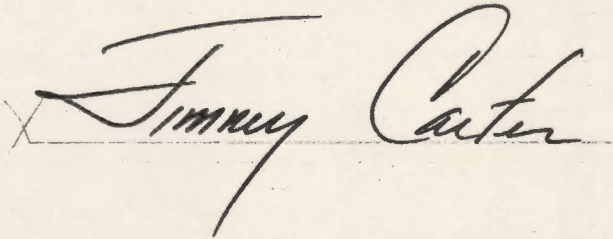
Sir:

I ask the Congress to consider amendments to the request for fiscal year 1978 appropriations in the amount of \$82,717,000 for the Department of Transportation and \$29,283,000 for the Federal contribution to the Washington Metropolitan Area Transit Authority.

The details of these proposals are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Respectfully,

Enclosure

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Enclosure".



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

The President

The White House

Sir:

I have the honor to submit for your consideration amendments to the request for appropriations transmitted in the budget for the fiscal year 1978 in the amount of \$82,717,000 for the Department of Transportation and \$29,283,000 for the Federal contribution to the Washington Metropolitan Area Transit Authority. The details of these proposals are contained in the enclosures to this letter.

I have carefully reviewed the proposals contained in this document and am satisfied that they are necessary at this time. I recommend, therefore, that these proposals be transmitted to the Congress.

Respectfully,

A handwritten signature in dark ink, appearing to read "Bert Lance", followed by a horizontal line.

Bert Lance
Director

Enclosures

DEPARTMENT OF TRANSPORTATION
Urban Mass Transportation Administration

1978 Budget Appendix Page	Heading	1978 budget request pending	1978 proposed amendment	1978 revised request
580	Projects substituted for interstate system projects	\$425,000,000	\$82,717,000	\$507,717,000

This proposed amendment will provide an additional \$112 million to mass transit and non-interstate highway projects. The authority for these projects will be transferred from Interstate projects that are no longer needed. The authority for such transfers is contained in the Federal-aid Highway Act of 1976 (Public Law 94-280). This proposal also includes a reduction in the ceiling on Federal capital grant financial assistance for the Washington, D.C. Metro system. This reduction in capital funding for the system will provide a one-time increase in the direct Federal payment to the Washington Metropolitan Area Transit Authority. This proposal will increase fiscal year 1978 outlays by \$20 million and 1979 outlays by \$63 million.

OTHER INDEPENDENT AGENCIES
Washington Metropolitan Area Transit Authority

1978 budget appendix page	Heading	1978 budget request pending	1978 proposed amendment	1978 revised request
743	Federal contribution	\$19,374,000	\$29,283,000	\$48,657,000

This proposal will provide an increase in interest payment costs in fiscal year 1978 and will be offset by a proposed reduction in capital funding to the Washington Metropolitan Area Transit Authority (WMATA) from the Urban Mass Transportation Administration. This increase represents an 80% Federal payment for the interest due on the bonds in fiscal year 1978 that is not already covered by the Federal subsidy and the bond reserve fund. Provision of this amount will prevent a default on bond payments by WMATA in fiscal year 1978. Such a default would precipitate Federal responsibility for bond payments pursuant to the terms of the Federal guarantee. This proposal will increase fiscal year 1978 outlays by \$29.3 million. The Federal Government expects the local jurisdictions involved to develop a comprehensive financing plan during 1977 and 1978 that will provide a continuing source of locally generated funds to cover the debt service, operating and capital costs of public transportation in the Washington metropolitan area.

THE WHITE HOUSE

WASHINGTON

Date: June 24, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Frank Moore
Jack Watson *concur*
Bunny Mitchell *concur*

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance's memo 6/24/77 re Budget Amendments
for the Department of Transportation and the
Washington Metropolitan Area Transit Authority

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME:

IMMEDIATE

DAY:

TURNAROUND

DATE:

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

6/29

Bill -
must
Hill
pls
go to
Mandy -
call
channel
me
no
B

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

June 24, 1977

SIGNATURE

MEMORANDUM FOR: THE PRESIDENT

FROM: Bert Lance

BR

SUBJECT: Budget Amendments for the Department of Transportation
and the Washington Metropolitan Area Transit Authority

Attached for your signature are requests for fiscal year 1978 budget amendments for the following:

- \$82.7 million for the Department of Transportation, Urban Mass Transportation Administration. These funds will be used to finance mass transit and non-interstate highway projects in the Chicago area which will replace portions of the Chicago Crosstown Expressway which are no longer needed. This proposal also includes a reduction in the ceiling on Federal capital grant assistance to the Washington, D. C. Metro system in 1978. This reduction will offset a one-time Federal payment of interest costs necessary to prevent the default on the Federally guaranteed revenue bonds of the Metro system during fiscal year 1978.
- \$29.3 million for the Washington Metropolitan Area Mass Transit Authority. This is part of the proposal to temporarily provide Federal financial assistance for the interest costs in fiscal year 1978.

These proposals are included in the Senate version of the fiscal year 1978 Department of Transportation Appropriations Act. The Senate Appropriations Committee included these requests as an Administration proposal after being informed that they would be needed. It is important that we formally transmit these proposals to the Congress as soon as possible.

The details of these proposals are contained in the fact sheets attached to this memorandum.

Recommendation

That you sign the letter transmitting these proposals to the Congress.

Attachment

DEPARTMENT OF TRANSPORTATION
Urban Mass Transportation Administration

Purpose/Discussion

This proposed amendment will provide an additional \$112 million for mass transit and non-interstate highway projects in the Chicago area. The authority for these projects will be transferred from portions of the projected Chicago Crosstown Expressway which are no longer needed. The authority for such transfers is contained in the Federal-aid Highway Act of 1976. This proposal also includes a reduction in the ceiling on Federal capital grant financial assistance to the Washington D.C. Metro system in fiscal year 1978. This reduction of \$29.3 million is being made to offset a one-time increase in the direct Federal payment to the system. This temporary change in funding is necessary to enable the Washington Metropolitan Area Transit Authority (WMATA) to avoid default on its Federally guaranteed revenue bonds in fiscal year 1978. The details of this are contained in the following fact sheet dealing with the separate WMATA proposal.

Outlay Impact

This proposal will increase fiscal year 1978 outlays by \$20 million and fiscal year 1979 outlays by \$63 million.

Recommendation

That you sign the letter transmitting this proposal to the Congress.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

The President

The White House

Sir:

I have the honor to submit for your consideration amendments to the request for appropriations transmitted in the budget for the fiscal year 1978 in the amount of \$82,717,000 for the Department of Transportation and \$29,283,000 for the Federal contribution to the Washington Metropolitan Area Transit Authority. The details of these proposals are contained in the enclosures to this letter.

I have carefully reviewed the proposals contained in this document and am satisfied that they are necessary at this time. I recommend, therefore, that these proposals be transmitted to the Congress.

Respectfully,

A handwritten signature in dark ink, appearing to read "Bert Lance", is written over the typed name. The signature is fluid and cursive, with a long horizontal stroke at the end.

Bert Lance
Director

Enclosures

DEPARTMENT OF TRANSPORTATION
Urban Mass Transportation Administration

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Washington Metropolitan Area Transit Authority

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Washington Metropolitan Area Transit Authority

Purpose/Discussion

This proposal will provide a \$29.3 million increase for the Federal contribution to the Washington Metropolitan Area Transit Authority (WMATA). It represents an offset to a reduction of a like amount in grants to WMATA through the Urban Mass Transportation Administration. This offsetting transaction will allow this Agency to use \$29.3 million in Federal funds for interest payments on its bonded indebtedness. Using grant funds provided by the Urban Mass Transportation Administration for this purpose would be of questionable legality. WMATA has indicated that it will be in default on its revenue bonds in fiscal year 1978 if it does not receive Federal assistance. The Federal Government, which has guaranteed \$997 million in WMATA revenue bonds, would be obligated to make the interest payments in case of default.

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We anticipate that WMATA will continue to have problems meeting the interest payments on its revenue bonds. The Department of Transportation has asked the local jurisdictions involved in the WMATA compact to develop a comprehensive financing plan during 1977 and 1978 that will provide a continuing source of locally generated funds to cover the debt service, operating, and local share of capital costs of public transportation in the Washington metropolitan area.

Outlay Impact

This proposal will increase outlays in fiscal year 1978 by \$29.3 million.

Recommendation

That you sign the letter transmitting the budget amendment to the Congress.

THE WHITE HOUSE
WASHINGTON

The President
of the Senate

Sir:

I ask the Congress to consider amendments to the request for fiscal year 1978 appropriations in the amount of \$82,717,000 for the Department of Transportation and \$29,283,000 for the Federal contribution to the Washington Metropolitan Area Transit Authority.

The details of these proposals are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Respectfully,

Enclosure

6/24

Date: June 24, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Frank Moore
Jack Watson
Bunny Mitchell

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance's memo 6/24/77 re Budget Amendments
for the Department of Transportation and the
Washington Metropolitan Area Transit Authority

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME:

IMMEDIATE

DAY:

TURNAROUND

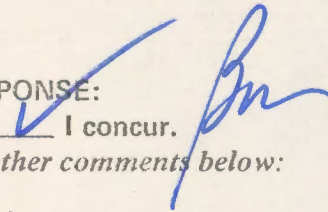
DATE:

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☒ I concur. ☐ No comment.*Please note other comments below:*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

The President

of the Senate

Sir:

I ask the Congress to consider amendments to the request for fiscal year 1978 appropriations in the amount of \$82,717,000 for the Department of Transportation and \$29,283,000 for the Federal contribution to the Washington Metropolitan Area Transit Authority.

The details of these proposals are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Respectfully,

Enclosure

THE WHITE HOUSE

WASHINGTON

June 24, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT

Sen

SUBJECT:

Lance Transportation
Budget Amendments

I concur that both of these amendments should be transmitted as soon as possible.

Date: June 24, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Frank Moore
Jack Watson
Bunny Mitchell

FOR INFORMATION:

Xc *Carp*
Johnston

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance's memo 6/24/77 re Budget Amendments
for the Department of Transportation and the
Washington Metropolitan Area Transit Authority

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME:

IMMEDIATE

DAY:

TURNAROUND

DATE:

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.☐ No comment.*Please note other comments below:*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

Date: June 24, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Frank Moore
Jack Watson
Bunny Mitchell

FOR INFORMATION:

HL
ST
concur
" "

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance's memo 6/24/77 re Budget Amendments
for the Department of Transportation and the
Washington Metropolitan Area Transit Authority

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME:

IMMEDIATE

DAY:

TURNAROUND

DATE:

Keep

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.☐ No comment.*Please note other comments below:*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

June 27, 1977

Stu Eizenstat -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Jack Watson
Bert Lance

Re: Follow-up to the HUD Budget
Review Session



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

*Shir. Get
Pats brief comment
J*

JUN 22 1977

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR THE PRESIDENT

Subject: Follow-up to the HUD Budget Review Session

This memorandum is intended to answer several questions of fact that arose in the course of the budget review session covering the Department of Housing and Urban Development.

1. How many households are eligible to receive housing subsidies?

Answer

. Approximately 27.5 million households have incomes that are less than 80 percent of the median income for their area, and therefore are eligible to receive rental housing subsidies.

. Approximately 35 million households have incomes that are less than 95 percent of the median for their area, and therefore are eligible to receive homeownership subsidies.

*Too liberal. mean
most needy
can be
ignored*

2. How many households are expected to qualify for income supplements under welfare reform?

Answer. Approximately 9.7 million (according to HEW).

3. What percentage of subsidized housing program participants remain in their pre-enrollment dwelling, and what percentage of these dwellings meet quality standards without the need for repair?

Answer

. A HUD field survey reports that up to 50 percent of section 8 participants continue to live in the same unit after entering the program.

. The contractor's report on the housing allowance supply experiment shows that 61 percent of the participants continue to live in the same unit. Of these, nearly two-thirds

(62%) were able to meet quality standards without repair. (Consequently, the housing subsidy in these instances has no impact on housing, and instead merely increases the amount of income available for other items in the household's budget.)

4. What is the median monthly housing cost for American households?

Answer. The following table shows median monthly housing costs for various groups in 1975. (SOURCE: HUD's Annual Housing Survey)

	<u>All Households</u>	<u>Households with Incomes</u>	
		<u>Less than \$7,000</u>	<u>Less than \$10,000</u>
Homeowner	\$216	\$160	\$185
Renter	152	124	155

(We have not been able to track down the basis for Secretary Harris' statement that \$200/month is the minimum required to obtain adequate housing. However, this amount is well above the median housing cost paid by all renters, and is roughly equal to the median paid by households with annual incomes in the \$15,000-25,000 range.)

5. Can the economic circumstances of tenants justify lower rents in public housing than in section 8 housing (as Secretary Harris maintains)?

Answer

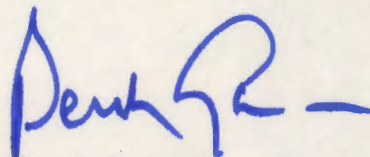
. In 1976, the average gross income of public housing tenants was \$4,818 versus \$3,627 for section 8 tenants.

. HUD data show that 43 percent of public housing tenants are elderly versus 33 percent of section 8 tenants (the elderly can afford to devote a larger portion of their income to housing).

. Hence, it would seem that public housing tenants would be more able to pay the higher rents than section 8 tenants (who now pay more).

6. Has HUD's inventory of multifamily properties declined during fiscal year 1977?

Answer. No. While acquired properties have declined (-3,300 units), properties covered by assigned mortgages have increased (+9,300 units), resulting in a net change of +6,000 units for the first eight months (versus a planned reduction of 600 units for the year as a whole).



Bert Lance
Director

2:00
THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 27, 1977

MEMORANDUM FOR: The President
FROM: Jack Watson *Jack*
SUBJECT: Announcement of The President's Commission
on Military Compensation
Monday, June 27, 1977
2:00-2:10 p.m. Rose Garden

As you know, the purpose of the President's Commission on Military Compensation is to propose an integrated, long-term solution to the military compensation problem. You have asked for a report by March 15, 1978.

This ceremony is the formal public announcement of the Commission and its members. Secretary Brown would like for you to make an opening statement (see attached talking points), and introduce the Commission members (list attached).

Secretary Brown would like to make a short statement after you have introduced the members.

Key members of the Senate Armed Services Committee, the House Committee on Military Compensation, and both Appropriations Committees have been invited.

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THE WHITE HOUSE

WASHINGTON

June 25, 1977

MEMORANDUM FOR THE PRESIDENT

FROM JIM FALLOWS *JL*

SUBJECT: Commission on Military Compensation

The news of this occasion is:

-- that you have signed the Executive Order establishing the commission, and

-- that you are announcing the ~~eight~~ *nine* members (named below).

The comments you might make are:

1) You are especially determined, as a former military officer yourself, to take a new look at our military strategy and posture. It must be strong and modern enough that no one will be tempted to test it, but it must also be efficient. You are determined to spend money where it is necessary but never to spend it merely for tradition's sake, or out of habit, where it will not make us strong.

2) One of the most important areas of our analysis is military manpower--not only because the quality of our fighting force largely determines how well we will be defended, but also because personnel costs now make up nearly 60 per cent of our military budget.

You are not saying those costs are excessive: there are special burdens that those in the armed forces bear, and we have to be sure they are amply compensated. We also recognize that the decision to create a volunteer army carried, as one of its consequences, a commitment to higher pay. But we must be sure that we are using the money in the most sensible way, and that we are providing the proper incentives to maintain the quality of our fighting force.

3) The commission's task is to propose a long-term solution to the compensation problem--and they only have nine months to do it. Their report is due on March 15, 1978. You're grateful to them for taking this time out of their busy private lives, and you know it is going to take a lot of their time to answer these complicated questions by then.

4) These studies will lead the commission--and eventually the nation--to face more fundamental questions about the way our nation defends itself. We have sometimes preferred not to ask on whom the burden of military service falls, and how they should be rewarded. During the 1960s it took many people too long to recognize that the draft system was biased in favor of the comfortable and well-educated, and against the poor and those who had not had the chance to go to college--or even to finish high school. We proposed a solution to that problem with the volunteer army, but now we have to reassess that answer. Although this will not be the commission's official task, its findings will be an important piece of evidence about the volunteer army--helping us understand how its burdens are distributed and whether they are in keeping with our democratic principles.

5) Jack Watson has provided a list of the members of the commission; you could point out that, in addition to being distinguished when taken one-by-one, as a group they represent the different areas of training--military, financial, political (in the sense of public service)--we must combine to find the proper solution to this problem.

COMMISSIONERS

Chairman: Charles J. Zwick - Miami, Florida.
PhD in Economics; Director Southeast Banking Corporation; former Director of OMB.

Herbert F. York - La Jolla, California.
PhD in Physics; Professor of Physics of University of California at San Diego; former Director of Defense Research and Engineering and former Director of the Advanced Research Projects Agency.

Phillip A. Odeen - Lake Forest, Illinois.
MS in Political Science; Vice President, Wilson Sporting Goods; former Deputy Assistant Secretary of Defense, Systems Analysis; and Director of Program Analysis, National Security Council.

John H. Filer - Hartford, Connecticut.
LLB Yale; Chairman and Chief Executive Officer Aetna Life and Casualty; Former Connecticut State Senator.

General William E. Depuy - Ft. Monroe, Virginia.
BS Economics, South Dakota University; Commander, U.S. Army Training and Doctrine Command; Retiring July 1, 1977.

Jane P. C. Pfeiffer - Armonk, New York.
BA, University of Maryland; Vice President Communications, IBM; Participant: White House Fellows Program 1966, Council on Foreign Relations 1967.

Lieutenant General Benjamin O. Davis, USAF,
Retired - Arlington, Virginia. Chairman and
Chief Executive Officer, American General
Insurance Company. BS, U.S. Military
Academy; Commander, U.S. Forces Korea
and Chief of Staff UN Command; retired in
January 1970; former Safety Director of
Cleveland, former Consultant to Metropolitan
Life Insurance Company and the Department
of Transportation.

Walter H. Page - Huntington, Long Island, New York.
BA President Morgan Guaranty Trust Company;
Director, Foreign Policy Association and trustee
of the Carnegie Institution.

Thomas Ehrlich - Washington, D. C.
Lawyer, LLB Harvard; President, Legal Services
Corp.; former Dean, Stanford Law School; Special
Assistant to Undersecretary of State; author of
"The International Legal Process" with A. Lowenfeld
and A. Chayes.

2:00 PM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 25, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Jack Watson *Jack*

SUBJECT: Announcement of The President's Commission
on Military Compensation
Monday, June 27, 1977 2:00 - 2:10 p.m.
Rose Garden

As you know, the purpose of the President's Commission on Military Compensation is to propose an integrated, long-term solution to the military compensation problem. You have asked for a report by March 15, 1978.

This ceremony is the formal public announcement of the Commission and its members. Secretary Brown would like for you to make an opening statement (see attached talking points); ~~sign the Executive Order which establishes the Commission~~ (to be forwarded by OMB on Monday); and introduce the Commission members (list attached).

Secretary Brown would like to make a short statement after you have introduced the members.

Key members of the Senate Armed Services Committee, the House Committee on Military Compensation, and both Appropriations Committees have been invited.

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THE WHITE HOUSE

WASHINGTON

June 25, 1977

MEMORANDUM FOR THE PRESIDENT

FROM JIM FALLOWS *JL*

SUBJECT: Commission on Military Compensation

The news of this occasion is:

-- that you have signed the Executive Order establishing the commission, and

-- that you are announcing the eight members (named below).

The comments you might make are:

1) You are especially determined, as a former military officer yourself, to take a new look at our military strategy and posture. It must be strong and modern enough that no one will be tempted to test it, but it must also be efficient. You are determined to spend money where it is necessary but never to spend it merely for tradition's sake, or out of habit, where it will not make us strong.

2) One of the most important areas of our analysis is military manpower--not only because the quality of our fighting force largely determines how well we will be defended, but also because personnel costs now make up nearly 60 per cent of our military budget.

You are not saying those costs are excessive: there are special burdens that those in the armed forces bear, and we have to be sure they are amply compensated. We also recognize that the decision to create a volunteer army carried, as one of its consequences, a commitment to higher pay. But we must be sure that we are using the money in the most sensible way, and that we are providing the proper incentives to maintain the quality of our fighting force.

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THE WHITE HOUSE

WASHINGTON

June 25, 1977

MEMORANDUM FOR THE PRESIDENT

FROM JIM FALLOWS *JL*

SUBJECT: Commission on Military Compensation

The news of this occasion is:

-- that you have signed the Executive Order establishing the commission, and

-- that you are announcing the ~~eight~~ *nine* members (named below).

The comments you might make are:

- 1) You are especially determined, as a former military officer yourself, to take a new look at our military strategy and posture. It must be strong and modern enough that no one will be tempted to test it, but it must also be efficient. You are determined to spend money where it is necessary but never to spend it merely for tradition's sake, or out of habit, where it will not make us strong.
- 2) One of the most important areas of our analysis is military manpower--not only because the quality of our fighting force largely determines how well we will be defended, but also because personnel costs now make up nearly 60 per cent of our military budget.

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-- that you are announcing the ~~eight~~ *nine* members (named below).

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You are not saying those costs are excessive: there are special burdens that those in the armed forces bear, and we have to be sure they are amply compensated. We also recognize that the decision to create a volunteer army carried, as one of its consequences, a commitment to higher pay. But we must be sure that we are using the money in the most sensible way, and that we are providing the proper incentives to maintain the quality of our fighting force.

3) The commission's task is to propose a long-term solution to the compensation problem--and they only have nine months to do it. Their report is due on March 15, 1978. You're grateful to them for taking this time out of their busy private lives, and you know it is going to take a lot of their time to answer these complicated questions by then.

4) These studies will lead the commission--and eventually the nation--to face more fundamental questions about the way our nation defends itself. We have sometimes preferred not to ask on whom the burden of military service falls, and how they should be rewarded. During the 1960s it took many people too long to recognize that the draft system was biased in favor of the comfortable and well-educated, and against the poor and those who had not had the chance to go to college--or even to finish high school. We proposed a solution to that problem with the volunteer army, but now we have to reassess that answer. Although this will not be the commission's official task, its findings will be an important piece of evidence about the volunteer army--helping us understand how its burdens are distributed and whether they are in keeping with our democratic principles.

5) Jack Watson has provided a list of the members of the commission; you could point out that, in addition to being distinguished when taken one-by-one, as a group they represent the different areas of training--military, financial, political (in the sense of public service)--we must combine to find the proper solution to this problem.

2:15 PM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 24, 1977

MEETING WITH REP. ELLIOTT LEVITAS (D-GA 4)

Monday, June 27, 1977

2:15 p.m. (15 minutes)

The Oval Office

From: Frank Moore *F.M.*

I. PURPOSE

To meet with Rep. Levitas and thank him for past support and seek his continued support.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Rep. Levitas would like to discuss his probable support on the Clinch River Breeder Reactor and his interest in supporting the Administration on the Universal Voter Registration compromise position. Rep. Levitas has not supported the Administration as much as he feels he should have in the past and would very much like to "get back on the team."

B. Participants: The President
Rep. Elliott Levitas
Frank Moore
Jim Free

C. Press Plan: White House photographer only.

III. TALKING POINTS

1. Ask for his support on the Clinch River Breeder Reactor and seek his assistance in working with the House membership and speaking for our proposition on the floor.
2. Ask for his advice on the Universal Voter Registration legislation.
3. Encourage his continued support and thank him for his assistance.

X

THE WHITE HOUSE

WASHINGTON

June 25, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M.*

SUBJECT: REP. ELLIOTT LEVITAS (D-GA)

The following is an addendum to your briefing paper on the meeting with Congressman Levitas to be held on Monday, June 27, at 2:15 p.m.

1. Elliott will want to talk about his one House veto which he is obsessed with.
2. He will invite you to drop by the House gym party which is a once-a-year blowout to be held on July 26 and which has been attended by every President since Lord Cornwallis.

THE PRESIDENT'S SCHEDULE

Sunday - June 26, 1977

9:50 Depart South Grounds via Motorcade
en route First Baptist Church.

10:00 Sunday School.

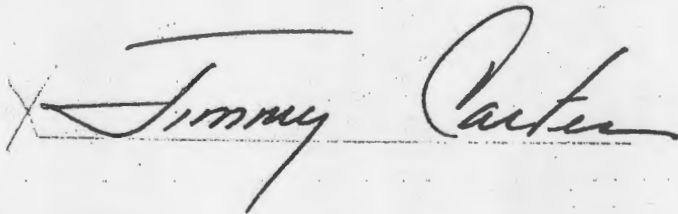
11:00 Morning Worship Service.

EXECUTIVE ORDER

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RELATING TO CERTAIN POSITIONS IN LEVEL V OF THE
EXECUTIVE SCHEDULE

By virtue of the authority vested in me by Section 5317 of Title 5 of the United States Code, and as President of the United States of America, Section 2 of Executive Order No. 11861, as amended, placing certain positions in level V of the Executive Schedule, is further amended by adding thereto "(14) Assistant to the Secretary and Land Utilization Adviser, Department of the Interior." and "(15) Executive Assistant and Counselor to the Secretary, Department of Labor.".

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned above a horizontal line.

THE WHITE HOUSE,
